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Seven

PSYCHOLOGICAL PRINCIPLES

Versus

POWER POLITICS

A Study of

Psychological Principles of Creative Enterprise

By

LEWIS O. ANDERSON

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SEVEN PSYCHOLOGICAL PRINCIPLES VERSUS POWER POLITICS

*A Study of Psychological
Principles of Creative
Enterprise*

by

LEWIS O. ANDERSON, PH. D.

Mt. Horeb, Wisconsin

1954

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INTRODUCTION

We are in a world-wide project of building a fool's paradise of unlimited official government with the following fictions:

- 1 — That money-in-motion is the measure of economic progress.
- 2 — that big government spending is the master-key for sustaining perpetual-motion-of-money in our industrial age.
- 3 — that power politics is the dynamo of social progress and the cure-all for social ills.

The first two fictions constitute a fake justification for the third. Quack economics is the standard mask used by the political robber to enslave the very underprivileged victims whom he pretends to rescue. For unlimited spending is what makes unlimited power politics possible. The money hocus-pocus also distracts attention from the basic issue, which is, psychological and ethical principles of social self-government versus power politics. In other words, **SPECIALIZED EDUCATIONAL AUTHORITY VERSUS COERCION.**

The collectivistic epidemic is winning at present in spite of its being basically only a process of decadence and hence ultimately self-defeating. It is winning because we ourselves have failed to delineate an over-all social creed of educational self-government in industrialized economies and culture. We have as a nation junked the principle of limited official government, partly because of its being thought of as a negative principle. This precious principle needs to be translated into positive psychological principles of a truly co-operative society. Accordingly, seven positive psychological principles, which have been grossly subverted or ignored, are delineated in Part II below.

PART I
SUBVERSION OF OFFICIAL GOVERNMENT

Chapter I
INVESTIGATING POWER-MADNESS

1

Current Misconceptions of the Function of Coercion

In order to investigate successfully the psychology of our noxious power-madness, and why it culminates in a perverted political mentality, it is well to note first some of the current misconceptions of the nature and function of the coveted power, political and otherwise. We as a nation are staggering under a general misconception of the function of political power, in which law is becoming an instrument of injustice instead of justice, and hence a means of its own ultimate destruction (as trenchantly pointed out by Frederic Bastiat in France during the wave of socialism a hundred years ago, the beginnings of the socialistic perversions now spreading all over the world).

We may specify some of the current widespread misconceptions of power as follows: that human behavior is determined by materialistic forces in the present economic environment rather than by ideals and ethical principles of the past, hence physical coercion, or the threat of it, is fundamentally the only kind of power that will be respected (feared); that the only way to defeat an objectionable power is to counter it with the same kind of power, in a bigger dose (labor monopoly to counter management monopoly, and vice versa); that a monopoly on power is necessary to get things done; that the power of law enforcement officials is the primary, normal, or only means of social regulation ("Use the power of government to get what we want"); that law enforcement agencies are the primary agencies of social reform (in crime, or economic policy or political policy); that the letter of the law, with its enforcement, is the alpha and omega of law; that the way to eradicate racial prejudice is to pass a law; that "Federal aid to education" is the way to solve our educational problem (just a problem of redistribution of money — with money goes ultimately control); that we are in a "mature economy" and so government must step in to fix prices and establish production quotas; that the "fetish of national sovereignty", with our failure to provide a world government with sufficient military power to enforce peace, is the primary obstacle to world peace, and hence that power politics, with its extension, war, is the indispensable and only means of establishing world peace.

With these misconceptions, educational means of social regulation and reform become mere instruments of mass deception — corrupt psychological warfare as a prelude to violence, if deemed necessary. This current psychological warfare, or waywardness, consists, for example, of using our schools to glorify the power of the state, especially as a Welfare State, and for glorifying “world citizen” so as to undermine patriotic ideals.

From past efforts at social regulation under misconceptions of the proper function of political power we could learn that ultimately the coercion will defeat itself and we will be forced into a multiplicity of government regulations and decrees in a futile attempt to cover up the failures, until society is too strait-laced to produce enough of even the necessities of life. We are repeating the blunders of France and England.

Bearing in mind that the above-listed misconceptions are abnormalities, not sound premises of thinking, we can see that the political-power-malady is not a simple overemphasis of normal law enforcement but a misuse of law enforcement for some sinister purpose instead of its proper function. How, then, does it come about that law enforcement becomes thus perverted and subordinated to sheer power-madness? What sort of personalities are involved? How do they originate? What particular combinations of personalities are involved?

2

Root Sources of Our Wholesale Power-idolatry

There are various root sources of our wholesale power-idolatry. Under our rapid industrialization many naturally became inordinately power-minded, in more than one sense. The tendency, as well as the capacity, for selfish aggrandizement of money and power over others was tremendously enhanced. This is a root source but does not by itself account for the distinguishable political perversion. For there were self-corrective tendencies in the economic game as long as many recognized the need for ethical standards in their daily occupations. We centralized power in the political field as in the economic sphere, but in the political field we lost the self-corrective tendencies.

Some persons, in all walks of life, have become very domineering in an effort to cover up an inferiority complex. This, too, does not by itself account for the political perversion. Inferiority complexes are not limited to politicians.

More ominous has been the subverted educational philosophy, in schools and elsewhere. Even a generation ago there were exhortations for a "dictatorship of the learner". Teachers and parents often banished sound external restraints and left youngsters prematurely on their own. Of course, the most aggressive child or biggest bully would assume domination of the group or gang, in various situations. All tended to become power-minded, either domineering or jealous. This lack of sound policy and example has resulted in a more or less childish society of gang-rulers toying with "the masses" like pushing kittens around. Some of this may be classed as innocent immature social organization, but the point is that it remains immature; and it is becoming apparent that we lack a sound political philosophy because we lack a sound educational philosophy. It is because many citizens have lost faith in educational means of social adjustment that they are turning to men of action. We have no excuse for losing faith in educational means of social regulation, like the German intellectuals, who were itching for a man of action when Hitler came along, for they had always been under the spell of state-power-idolizers.

3

Psychopathic Conditions

Study of persons with various psychopathic conditions would reveal other clues to the vagaries or intractability of prevailing political acrobats. Their overbearing power-idolatry, their lack of moral principles, their lack of respect for the feelings or the rights of other citizens, their untrustworthiness, their intractability, are characteristics found mixed in our perverted political mentality—even though most of them, by their very recklessness or intractability, get tangled up with the law and land in the small-fry criminal camp rather than in the political camp. Selfishness and self-assertiveness are the primary human motives recognized by the person with strong psychopathic tendencies. Lacking genuine love for others, such a person rejects moral principles as useless intangibles. Many become clever at pretending or simulating normal respect for other people, but few can be stable enough to make the grade into the political camp, or remain there for any length of time. In so far as a psychopathic person is a law unto himself, and can't learn from experience to fit himself into a normal social order, he characteristically aspires to become an expert or professional criminal, which is a natural occupation for him, if he can make it.

In considering why some of them get into modern politics and why some get into professional crime, it must be noted that there

are varieties of psychopathic behavior manifestations, depending on complications with other mental abnormalities, such as neurotic, hypomanic, paranoid, etc. As schizophrenia is an omnibus word covering various introversions, so there is a variety of psychopathic manifestations. There are few plain psychopaths, but many seemingly normal persons have some mild psychopathic tendencies, along with other mild mental abnormalities. Some domineering may be psychopathic, but some may be due to neurotic or psychotic tendencies.

Although psychopathic tendencies are generally thought to originate very early in childhood, our subverted educational philosophy, with its emphasis on superficial gang-mindedness, has undoubtedly been a contributing factor, directly or indirectly. Transient superficial or pretended friendships are developed rather than lasting love attachments, which lack of genuine affection in turn leads to ruthless rivalries for domination in various groups, from the home to national groups. This appears to be suitable soil for the sprouting of psychopathic tendencies. We need some soil analysis here.

Standing on his own, the person with noticeable psychopathic behavior manifestations can hardly cut much of a figure in politics; he is too liable to become offensive, too liable to turn traitor to his best friends just for the sake of some transient selfish gain, for he has little or no love attachment to his friends.

However, we do notice that psychopathic behavior manifestations have something in common with perverted political mentality, with the Marxian socialist mentality, and with the current social philosophy in general. Some psychopathic persons unquestionably play an important role in the degenerate game of power-politics, though ineffective alone.

4

Interaction of Different Personalities

It is the interaction of certain different personalities, working together in a political group, that would throw more light on the vagaries and corruption of so-called reform by compulsion. One member of the group may have just enough psychopathic tendency to make him too repulsive when working on his own. The other members may be muddled reformers, unable by themselves to accomplish much through educational measures, and therefore itching to use compulsion, but hesitating because of their sensitivity to public

opinion. Both types of persons have a strong desire for domination, but fail for different reasons, when working on their own. Now in working together, the muddled reformers may serve as a shock absorber between the public and the repulsive psychopathic person, and may somehow influence him to become more clever in mimicking sympathy and respect for the public. In turn, the psychopathic person, being basically more ruthless, and unhampered by sensitiveness, may influence the confused reformers to become bold enough to take drastic action. Thus both types of persons serve to supplement each other by making up for each other's deficiencies. The two types are drawn together because they have in common a strong craving for domination, and because, furthermore, the psychopathic person, being usually an extrovert, seeks to work with other people, if possible, despite his lack of genuine affection for them.

Throughout this interaction, however, the psychopathic person is not interested in genuine reform, nor is he interested in normal law enforcement as such. Further explanation and investigation is needed to account for the paradoxical teamwork between a fiendish psychopathic person and well-intentioned reformers. Here we may observe that the innocent-looking law enforcement serves as a common bond between the two incongruous personalities. It provides an official legal cloak for the decrees of the ruthless ruler and hence seems to take the sting out of the ruthlessness. It provides an official legal cloak for the stumbling reformer, too. Behind this official legality, his sensitiveness or conscientiousness is not hurt by critical public opinion. Because he is muddled, he unwittingly forgets or fails to see that our agencies of law enforcement are not the primary agencies of social reform and must, indeed, be diligently restricted in their power precisely in order that the primary agencies of reform might be unhindered in their proper work. If the primary agencies of social reform cannot do their job, it is an additional reason why the law enforcement agencies cannot do it. The psychopathic person may influence the reformers to be bold enough to take drastic action, but not bold enough to carry their thinking to its logical conclusion, where they might discover the deception.

In sum, what would ordinarily be criminal behavior, typical of psychopathic persons, is legalized, falsely presented as normal law enforcement, and, through the interaction of different personalities, culminates in the perverted political mentality — ruthless lust for power.

Victims' Unwitting Support of Usurpers of Power

In addition to the interaction of different personalities within the political clique, it is necessary to consider how the various power-hungry ones on the outside play a role in making politicians powerful. The outsiders find some satisfaction, some outlet for their domineering tendency, by identifying themselves with the political man of action, even if ruthless. Each dictator or powerful politician becomes powerful with the aid of such dupes who, by voting for him or taking a small or important part in executing his orders, find outlet for their lust for domination.

This support from the victims of usurpation of power is unwitting. How does it come about? During the many years in which there was no serious threat to our original principle of limited official government, many relaxed in their vigilance against false doctrines concerning the role of official government in the total social pursuit of happiness. Misleaders crept into education, etc., teaching false doctrines of coercion by centralized official government, under the guise of general welfare. Since students and other citizens were generally unaware of the danger, many readily fell for this attractive looking outlet for their craving for power, feeling they were part of a powerful movement. Now many helpless victims are trapped by this vicious doctrine, which is a direct contradiction and violation of a basic principle of our official government, namely, that the function of official government is to exercise coercion only over wrongdoers and not to interfere with the peaceful endeavors in earning a living and building a truly cooperative society by educational means, including fair competition.

Because the victims' support of usurpers is unwitting, it is absurdly unfair and misleading for the usurpers to disguise their campaign as a "mass revolutionary movement". The victims were drugged by false doctrines of social control. The psychological quackery behind usurpation of power must be investigated and revealed. Sound Individualism and true leadership have been replaced by primitive doctrines of autocratic control. Power-madness did not originate primarily from the "grass roots", it is a disease of deteriorating intellectuals.

Chapter II

OUR POLITICAL DEVALUATION*

1

Subordination of Politics to Economic Fictions

In the prevalent confusion as to the proper respective roles of politics and economics, we Americans are foolish victims of the very totalitarians we profess to fight. We are stupidly endeavoring to stop the advance of communism by economic fictions fashioned by our very enemy. Simultaneously we are ignoring an insidious political devaluation, which of itself goes far to explain why we are losing the psychological war.

Political devaluation may be defined here as decline of respect for political principles and spirit of law in official government, and the awkward attempts to solve governmental problems solely on a materialistic basis. This decline of spirit of law extends down through private forms of self-regulation in the economic sphere.

Examples of political devaluation are the popularity of such terms as economic democracy and economic security. As used today they do not mean self-regulation by the spirit of law; they have lost their ethical connotation. They accept, often unintentionally, the theory of communism that materialistic economic forces determine political and ethical ideals rather than vice versa. With this political deterioration goes moral deterioration all down the line, in this attempt to construct a dehumanized economics. Principles of human behavior are disregarded or grossly misrepresented in this shift of emphasis from sound politics to economic fictions.

Communists are not so naive. It is no secret that on their side of the ideological front they invariably combine revolutionary theory with their materialistic economic fictions, to insure that their victims will draw the desired political conclusion — socialism. We have been attempting to block communist aggression primarily with non-political economic recovery programs and then with materialistic military force in foreign lands, and we are trying to scare communists away from our back porch by floor-boards of "economic security", which is a shibboleth fashioned by the enemy.

* Revised and expanded from the author's "OUR POLITICAL DEVALUATION", published in HUMAN EVENTS, January 4, 1950. Grateful acknowledgment is made to HUMAN EVENTS for permission to use here.

The political devaluation in this country means that we are waging our struggle with communism in reverse, the surrender coming first. Having surrendered the very political principles for which we claim to fight, we are taking a stand for a hodge-podge of economic magic, which neither major Party will even formulate as a political issue. Promises of economic magic do not define any issue. They are no match for the revolutionary theory of the communists.

A military war could not defeat this theory. The psychological war could do so, if it were waged on the basis of political principles. Winning the psychological war would mean winning converts to a cause we have surrendered. Of what worth would a military victory be if we do not recover our discarded political principles?

Did we really win the two world wars? World War I did not make the world safe for democracy. It did put the U.S.S.R. on the map. World War II did not establish any freedoms. It did put the Marxist class struggle into high gear in every corner of the globe. Because of our prior political abdication we were unprepared for post-war ideological leadership in both instances. We had disqualified ourselves. Having done so, what right have we to pose before the world as the custodians of something we once had unless we quickly resurrect our discarded political principles? If we do not do so, how are we going to avoid winding up as the world's most hated nation, when our betrayal of our own heritage of true political liberalism finally becomes too obvious to be covered up with empty slogans about democracy, liberalism, and economic security?

2

Our Alibi for Devaluing Political Liberty

We have our alibi for widespread abdication from our inherited unique position as torchbearers of political liberty. We say that political liberty no longer means anything because our industrialization has resulted in economic insecurity to many. Instead of analyzing causes of this paradox, we just say we can't eat political liberty, and then trade it off for gold bricks of economic security. Yes, these transient economic securities are gold bricks when we buy them with our grandchildren's money and otherwise push our national economy toward bankruptcy.

Speaking of causes of these economic maladjustments, we were usually worshipping mechanical efficiency and centralized administration as ends in themselves, oblivious of the need of more responsible individuals to run these machines and systems, and oblivious of

the failure of centralized industry to cultivate a sense of responsibility in the individual workers down the line. In fact, many, including both workers and investors, welcomed the centralization as a convenient means of getting rid of responsibility. Our alibi, then, is a natural outgrowth of the delusion that in our industrialization we could get rid of individual responsibility without losing anything of real value. Obviously many Americans no longer consider liberty as a quality of real value in comparison with something called economic security. Indeed, liberty is just an empty word unless we implement it with a positive meaning, which would be economic self-regulation, as far as practicable. Those who junk responsibility junk at the same time the right to choose how they shall behave. In the name of efficiency and dreams of economic security, we have been gradually turning many of our individual responsibilities over to gaint corporations — and later finding out that they are not always run for the benefit of the public.

Likewise in the field of official government. The present trend toward government centralization and government monopoly is a natural outgrowth of the same delusion that in our industrialized society we can get rid of our individual responsibilities without losing anything of real value. We are losing our right to choose.

Political liberalism (facilitation of economic self-regulation) works in an industrial age only when there is exchange of responsibilities, not when the emphasis is on the elimination of responsibilities. Our political devaluation involves elimination of individual responsibilities, both in private economic affairs and in official government affairs. Hence the folly of proposing government monopoly as a cure for private monopoly. Hence also the folly of proposing that government guarantee a "floor under economic security". Both liberty and security are now empty words because we have generally discarded their positive meaning — responsible local self-government.

3

Abandoning "A New Political Foundation"

The Declaration of Independence was not a petition to the British king to grant the American people economic security. It was, on the contrary, an indictment of the government of George III for usurping control of the people's economic life — for doing precisely what quack economic security planners have been doing here since the depression of 1929.

The Declaration of Independence was a declaration of intention to build "a new political foundation". And the mainspring of the resulting Constitution was responsible self-regulation among the people in economic life so as to keep official government down to a minimum.

This self-regulation was possible through the principle of divided responsibility. This principle was not limited to politics; it was applicable also to economic life. But we lost sight of this basic principle in our industrialization and got economic autocracies. Then we foolishly tried to remedy this by setting up economic czars and economic control boards, leaving Congress to be little more than a rubber stamp. That was the result of putting economic security above "a new political foundation".

The function of politics in our system is to provide general principles favorable for ethical self-regulation in private economies. That includes protection against power-hungry profiteers.

Instead of expounding the true function of politics, our politicians generally pretend to talk economics, which is not even economics but a Marxian fable. It is a two-fold misrepresentation: misrepresentation of the true function of politics and misrepresentation of the true function of profit in our economic system.

Profit is misrepresented as loot or as something not earned. Economics is misrepresented as a class struggle for this loot. Sound profit is not distinguished from profiteering. Politics degenerates into a mere tool in the hands of economic plunderers called planners in the class struggle for the loot. Official government then simply legalizes all the evils of private economic monopoly by transforming private monopoly capitalism into state monopoly capitalism.

When our founding fathers wrote about "a new political foundation" they meant a new moral foundation. But now many have been deluded into trying to build on the quicksands of economic determinism, which is a pretentious denial of all moral values. To make economic determinism more innocent-looking and at the same time more impressive, it is dressed up as social science. This soothes the conscience of some of those who still have one. However, it is not really necessary to dress this up as science since it will in any case fill the void left by devaluing politics.

The confusion of tongues in this modern Babel of economics is greatest where it is most unbecoming, namely, among some types of anti-communists, who are sincere but ignorant. They are unwittingly

trying to fight communism with variations on the theme of economic determinism, which is about all they have to play with after having devalued politics.

The rank and file of citizens can hardly be expected to know better when our figureheads on the hypothetical ideological front are echoing variations on the theme of materialism suggested by the enemy. Naturally then the clamor has grown for admittedly share-the-wealth schemes, such as minimum wages, wild pension schemes, minimum prices for farm products, etc., on the theory that government price supports — and the consequent rubber dollars — are a bulwark against communism. Spokesmen in influential positions, who surely know better, assert that the Welfare State is the best insurance against communism. Thus misleaders and their dupes propose to beat communism by crass materialism, after having abandoned the only true bulwark — our inherited “new political foundation”.

Many will point with exultation to the materialistic advances in electrification, automobile and air transportation, food, clothing, etc. They say: “You never had it so good.” But what price are we are going to pay for these material things? We are abandoning “a new political foundation” as worthless. This foundation was essentially an ethical foundation, and it was a venture in divided responsibility as the best bulwark devised against usurpation of power. Our American colonists succeeded in forming a stable government by uniting around a worthy cause. Because we abandoned this inherited cause, even the self-contradictory, self-defeating cause of Marxism is now advancing with great strides on the ideological front, which most Americans do not even recognize.

4

Official Government Degenerates into an Instrument of Exploitation

Labor unions and other economic organizations used to show a healthy respect for American ideals by trying self-regulation instead of dragging every petty squabble into the arena of national politics. Today, labor unions, farm organizations, and even educational organizations are being seduced to use the power of national government to get what they want — just as the “reactionary exploiters” were supposed to have done. This is an adoption of Marx’s definition of government as an instrument of exploitation. Why do we pretend to fight communism if we are going to continue to use the subversive definition of government as an instrument of exploitation? How can this put an end to exploitation?

The devaluation of our traditional political beliefs makes inevitable the class struggle between myopic economic interests. Do the socialist revolutionists propose to change the definition of government? Absolutely not. They simply propose to reverse the present relationship of top dog and underdog. So do the modern deluded anti-communists who toy with the same theory of government. They speak of labor government and people's government, meaning a special class seeking to put an alleged ruling class into the doghouse. And they say "use the power of government", which is simply polite socialist jargon for brute force. The inevitable consequence of this policy is perpetual warfare between economic blocs. There is no solution as long as both the exploiters and the reformers have the same theory of government as an instrument of exploitation.

While many anti-communists bask in euphemistic ambiguities, the true communists continue to perpetrate, by remote control, a glaring contradiction: on the one hand, subordinating politics to economic magic; on the other hand, continuously enlarging the power of central government.

This self-contradictory feat is performed as follows: first, by subordinating politics to economic magic, the victims are led to believe they are not losing anything by surrendering political liberty; second, centralized government is glorified by falsely defining it as the people's government.

In this way all collectivists are conditioning their victims for the final anomaly, — foreseen by Plato, — the dictator who boasts of having a mandate from the people. It is in the name of people's government that we the inheritors of genuine people's government are throwing it away.

Chapter III

OVER-SIZED OFFICIAL GOVERNMENT

1

Over-sized Official Government Is Self-Defeating and Disastrous

To subordinate official government as the political arm of an economic bloc is disastrous. But to subordinate official government as the political arm of unofficial government — which is the head, embracing the various forms of responsible self-government in economics and culture — is absolutely necessary to save us from disaster.

In the face of the growing octopus of big official government, many are complaisantly declaring that big government is here to stay. What they omit to say is that when big government is here to stay it will stay without the consent of the governed. Big government is becoming something apart from and above the governed, doing something to the governed, as master instead of servant. Thus the American ideal is being reversed.

Why? Both proponents and opponents of big government have gradually been discarding the various endeavors at economic and cultural self-government. Proponents have been dumping more and more of their petty problems into the lap of official government as if they considered the latter to be the sole regulator of social life. Many political dope-fiends are scrambling for political action as a cure-all for every economic headache.

Opponents of big government have often confined themselves to denunciation, which is unappealing and unconvincing. The principle of limited government is to most listeners a negative concept. It needs to be translated into positive terms of educational self-government in economics and culture.

A striking example of the dwindling of unofficial government was the wholesale toleration of how the Chief Executive, who was elected on a good democratic platform in 1932, arbitrarily junked that platform and substituted for it planks from the socialist and communist platforms. Citizens everywhere had lost confidence in local and private means of social adjustments and looked for miracles from Washington, D. C. Unofficial government had dwindled so far that the self-styled Chief easily got away with a lot of arbitrary ac-

tion. People who surely knew better were looking for miracles from demagogues. Here was an example of the political arm acting without a head to give it proper direction.

Essentially the same explanation applies to the subsequent prolonged failure of the opposition Party. That Party has been marking time for 20 critical years because of lack of a virile head (unofficial government) to give it proper direction. Educators, businessmen, and others who should have been building or revitalizing a philosophy of self-government have been marking time, too, or hitchhiking on any new-social-order bandwagon that came along.

Now, if the same educational delinquency is to continue, with citizens waiting for miracles from a new Chief in the White House, then we will have more striking demonstrations of the impotence of our two-party set-up, due to degeneration and impotence of local self-government in the non-political field.

Our official government is self-defeating because we are infected with the subversive definition of government as an instrument of greedy exploitation. Although many denounce big government when they feel exploited, they glorify the same thing when they become exploiters as members of the winning economic bloc. They do not try to restore the correct definition and proper function of official government.

The more political power is available in this game, — through perpetual-motion-of-money, — the more vicious is the class struggle, and official government breaks down from its own inner jealous rivalries for power. The very effort to centralize power provokes more inner contradictions. The doctrine of centralized political power is the real nucleus of communism. The pretended nucleus is economic determinism. It is impossible for us to fight collectivism effectively while we are adopting its real or pretended nucleus. To fight collectivism effectively we have to learn to decentralize power. The first step in that is to cease idolizing centralized power.

Collectivistic centralization of power defeats itself. But in doing so it defeats the decent citizens, too. Hence, only by prompt, positive, and purposeful action can we save ourselves. That action has to be in the various fields of unofficial government, economic and cultural. What makes big government self-defeating and disastrous is not just the absolute bigness of it; it is the decline of unofficial government, or failure of unofficial government to develop proportionately with official government, that spells disaster. It is when educational authorities become delinquent that external coercion becomes supreme and disastrous.

When official government pretends to be able to break up economic monopolies by socialist-prescribed remedies, it spells disaster. But there are proper functions of official government in curbing economic monopolies. One is to place limitations and restrictions on them to maintain fair competition with lesser enterprises. The proper intervention of official government is to curb economic monopoly, not to curb free enterprise.

2

Failure of Power Politics as a Substitute for Education

Official laws are not self-enforcing. What makes laws enforceable? What makes a local police force efficient? It depends on what kind of backing the officials get from the citizens whose servants they are. This is an old story which rarely makes headlines. Almost anyone could find many examples, like the prohibition fiasco, where law enforcement officials were rendered ineffective or became corrupted because of lack of public sentiment to back up law enforcement. If the spirit of law is not in the head it won't be in the political arm.

The prohibition experiment failed, moreover, because it was an attempt to solve by official government a problem which can be solved only by unofficial government, through educational agencies, primarily.

For the same reason we are now being threatened with a more treacherous fiasco in the so-called Federal aid to education. The main problems in American education are not of a kind to be solved by official government. The most crucial problem is not quantity of education but quality of education, as our adult delinquency in highly-educated regions proves. As a nation we have been delinquent in teaching the rising generation the true nature and significance of our inherited ideal of responsible self-government through education. The rising wave of juvenile delinquency is not a problem of quantity of education, but is rather a consequence of the delinquency of educational leaders and misleaders and parents in failing to demonstrate and otherwise convince the new generation that there is something worth while in our cultural heritage. The word democracy is too heavily loaded with the totalitarian concept of the masses to be used to transmit our heritage. The present misplaced emphasis in much of American education is to train for world citizenship with the implication that American nationalism and American ideals are outmoded. So, besides junking economic and political isolationism, misguided reformers are unwittingly junking the very core of the American ideal — responsible self-government.

So-called Federal aid to education is only one example among many of increasing misplaced reliance on mere quantity of money, quantity of education, or sheer political action. The current attempts are to regulate social conduct by dehumanized economics, or by dehumanized power politics. The psychological factors are omitted from the picture.

In the old but popular jargon of quack economics, redistribution of wealth is emphasized as though it were the standard solution for all educational problems at home and all ideological problems abroad. Likewise, the old but repolished language of power politics is conveying the notion that sheer military force, or the threat of it, is the primary determiner of social behavior and the sole defense against the spread of communism.

Utopian schemes for social control have long been built on the false assumption that peace can be had only by centralized power to enforce it. Dreamers of an effortless peace easily fall for the doctrine of centralized power to compel conformity. They blindly assume that there is such a thing as a good dictator, who will stay put.

If it is too late to stop communism without power politics, it would nevertheless be stupid to regard the military war as a convenient substitute for the neglected ideological war. An ideological campaign, directed by unofficial government on all its fronts, is primary and indispensable in any event. A definite social philosophy or cause is badly needed for uniting anti-communists everywhere. The formulation of such a social philosophy is the first decisive step in the battle against exploiters of social decay.

It is surely amusing for collectivists to listen to our widespread harping on the theme that force is the only language which collectivists understand. For they are winning their battles primarily on the ideological front. Red comrades have been repeatedly cautioned not to try any rough stuff until victims have been trained ideologically and softened up to be receptive to socialist ideas. The cautious plunderers are aiming to convert the world to socialism. Dead bodies do not make good socialists.

Domestically it is the function of local groups to challenge current arbitrary decrees that this or that problem has grown too big to be solved through free competitive enterprise. Demagogues cry that the farm problem, for example, is national and cannot be solved locally or through competitive enterprise. But this alleged failure of free enterprise, in agriculture as elsewhere, is caused directly by the intervention of official government itself. Government support prices create artificial surpluses by preventing normal self-adjust-

ment of supply and demand. Then acreage allotments and production quotas are imposed to reduce the surplus caused by the support prices. Meanwhile, the subversive demagogues are winning an ideological victory of quietly convincing their masses that a high price structure is the measure of prosperity and must be sustained at all costs.

The United States Agriculture Department, together with the numerous agricultural colleges in the various states, formerly served a very useful purpose as clearing-house of information as to prospective supply and demand, prospective new uses for agricultural products, etc. This was an important and proper function of the political arm, in conjunction with schools, namely, to provide a widespread field of information to facilitate fair competition in agriculture.

But now the Department of Agriculture has over-stepped its proper function and is, by its meddling, sabotaging the vitally important self-regulation formerly practiced through dissemination of agricultural information.

This happened partly because too many influential farmers failed to appreciate the wonderful opportunity they had through their agricultural colleges and other media of commuciation to develop self-regulation free from corrupting politics. They were easily misled by the pink demagogues, — even in supposedly non-political farm organizations, — who came to the farmer with the pitiful tale that he was at a big disadvantage in selling in a highly competitive market, while the city industrialists had the benefit of a controlled market. The emphasized implication of this tale was that the farmers must organize and adopt the very same restrictionism which they denounced as evil among city industrialists.

Why not eradicate the evil at its root instead of transplanting it? Fighting restrictionism with restrictionism can only result in scarcity economies.

But our big official government has no solution, it simply perpetuates restrictionism and scarcity economies for the sacred fiction of high prices as the measure of prosperity. Prosperity cannot be legislated or decreed, it comes by learning how to lower the cost of production, turn to new forms of production, learning how to spend wisely, etc. It is a matter of education.

3

Limited Functions of Sound Official Government

From time to time societies have developed official government for protection from external enemies and internal wrongdoers who constitute a threat to peaceful living. These are proper functions of official government. But this relationship is being reversed. Instead of sensible citizens using government to protect themselves against wrongdoers, we now have wrongdoers often usurping the power to dictate and regulate in detail the economics of well-behaved workers.

In the current idolizing of big government, we are reversing the proper function of government by assuming that in our industrialized society the national government must regulate in detail the lives of well-behaved individuals. More exactly, what we are wrongly assuming is that official government is virtually the only means of social regulation (of good people). When a society makes this assumption, harmless workers are no longer protected from their enemies.

The unwarranted assumption that official government is the primary means of social regulation fits in with the collectivistic dogma that government is but an instrument of exploitation. It is a glorification of monopoly power. It is a regression to the economics of the jungle. This is a criminal concept in that it is a glorification of stealing. When stealing is glorified, official government collapses because there is no longer any moral foundation.

To elaborate on the proper functions of official government, how does society protect itself from its enemies? Not by putting itself into a regimented economy of unnecessary rules to regulate sensible citizens but by broadly formulating standards or policies favorable for educational self-government in economics and culture. This is exemplified by our Constitution.

More specifically, what are conditions favorable for educational self-government in economics and culture?

1. Coercive laws which are designed to take care of criminals and other trouble-makers. This enables self-regulation among those who do not need coercion. When these coercive laws and restrictions are multiplied and applied to decent people instead of to the wrongdoers for whom they were intended, self-government vanishes; and so does peaceful living.

2. Preventive regulations, such as traffic rules, contracts, injunctions, etc., which represent a cooperative effort in preventing crimes, accidents, and misunderstandings, which might lead to disastrous conflicts. These could include anti-monopoly regulations, which would provide conditions favorable for fair competitive enterprise. This preventive function of official government further includes traffic safety education, dissemination of information about insect parasites in agriculture, and prospective surpluses and shortages, and other information which would facilitate fair competition.

In a word, the function of official government may properly be said to be primarily a veto function —to curb those power-hungry persons who interfere with friendly competitive enterprise. The powerful monopolist hiding behind the slogan of free enterprise must be curbed. The lion claims to be 100 percent in favor of free competition with the lamb. This is not free competition. The socialist's proposed redistribution of wealth is a fake remedy. For socialists admittedly refuse to change the principle of monopoly power. The core of tyranny is monopoly power, not mere possession of wealth. A person can have wealth without power, or vice versa. The power of social influence, for good or for ill, comes by way of education in its good or bad forms, not by mere possession of wealth.

Our official government was not designed as a substitute for educational institutions or the school of economic hard knocks. The spirit of law must originate in those forms of unofficial government, which constitute the head. When it fails to do so, the letter of the law, represented in official government, becomes ineffective or perverted.

Those who argue for big government and those who denounce this big government, usually, are both sidestepping the issue. It is not big official government but big unofficial government that is primary in an industrial age. It is not necessary to reduce present big government to the size it had decades ago; the solution is to build unofficial government, in its various economic and cultural forms, proportionately bigger and better so it will always be primary. Big unofficial government is the requisite for keeping official government in its proper place as the servant of the people instead of their master.

Official government by wise consent of the governed arose as citizens developed, in the school of economic hard knocks, the ability and desire to assume responsible self-government in economics and culture. In reverse, the collapse of economic and cultural self-govern-

ment precedes the collapse of official government. This has been amply demonstrated in Europe and America recently. Neither more power politics nor the mere reduction of it can remedy the present ills of unofficial government. Official government becomes self-defeating and disastrous when and if unofficial government becomes self-defeating or decadent.

PART II

SEVEN PSYCHOLOGICAL PRINCIPLES OF SOCIAL SELF-GOVERNMENT

Chapter I

WORKABLE INDIVIDUALISM*

1

Surrender of Sound Individualism

Opponents of collectivism waste a lot of effort and time by merely denouncing big government. They ignore or disregard the vast vital field of unofficial government (educational self-government in economics and culture), which is the true expression of individualism. Workable individualism means divided responsibility, not irresponsibility, and signifies true cooperation, not selfishness. Opponents of collectivism are losing the battle of ideas, partly because they are losing the battle of words. Collectivism is gracefully winning the Psychological war against individualism by painless subversion of the meaning of words.

The epidemic of collectivism is spreading ever with the enticing nebulous slogan of social change. The quackery of this social change is made possible primarily by subversion of the meaning of individualism. The first stage in this disease of collectivism is the surrender of sound meanings of individualism. It is an inconspicuous yet voluntary surrender. Having tossed away as worthless the sound meanings the word once had, we unblushingly tolerate the subversion of the word. Ironically, the subversion is carried out mainly by the dupes themselves. They escape the rugged discipline of individualism by sliding into the notion that it is identified with selfishness, which seems a plausible excuse for dismissing individualism. This is an attractive rationalization for taking a comfortable seat on a collectivistic bandwagon.

For a hundred years the enemy has been kindly stating in unmistakable terms the fundamental issue: Collectivism versus individ-

* Revised and expanded from the author's "OUR POLITICAL DEVALUATION", published in HUMAN EVENTS, April 26, 1950. Grateful acknowledgment is made to HUMAN EVENTS for permission to use here.

ualism. The Communist Manifesto, in specifying the middle class individual, decrees: "This person must indeed be swept out of the way, and made impossible." This refers to sound individualism, not to abuses; for the middle class has always been the stronghold of sound individualism.

The enemy is further kind enough not to wound your feelings; you are comforted with the doctrine of inevitability of the demise of individuality as part of the process of industrialization. Centralization and a corresponding reduction of individuality are declared to be inescapable, no matter if lamentable or otherwise. The enemy has definite convictions; while would-be individualists dare not have rational convictions, for fear of falling off their social merry-go-round.

The enemy even gets by with contradictory convictions. On one hand, the enemy identifies selfishness with individualism. On the other hand, the enemy insists that selfishness is inherent in the economic system and that this system leads inevitably and inexorably to monopoly capitalism.

With the system thus depicted as inherently selfish, the dupes can soothe their conscience by projecting their own selfishness on the economic system. Even the most reactionary monopolist can thus complacently say it is the fault of the system. What a convenient double-barreled way of getting rid of that sense of responsibility which is the heart of sound individualism!

2

Loss of Responsibility, Human Dignity, and Cooperation

On the surface, the issue appears to be centralized responsibility versus divided responsibility. This is erroneous, as it ignores the perpetual lust for power. After a person's sense of brotherhood is evaporated, through deterioration of individualism, the centralized residue is not responsibility but corrupt irresponsibility. This may not be manifest at first, but sooner or later the one with the greatest lust for power will push to the top.

Centralized responsibility sounds fine in theory, but in practice it becomes irresponsibility precisely because of the subversion of that individualism which has proved to be an unsurpassed curb on irresponsible autocracy. Robots are incapable of sensing the brotherhood of man, — as any dictatorship proves, — and are incapable of curbing the dictator.

The mere fact of the decline of individual dignity during our industrial ascendancy is no proof that said decline is inevitable. Nor is the plain observation that not every individual can be the head of a company or plant a refutation of the philosophy of individualism. Many have naturally jumped to the false conclusion that there is no longer any room for individualism as a philosophy of social relations in industry because not every person can be the head of a business. The dignity of the individual laborer is lost sight of because of our mass production methods and because in our widespread vanity many think they have to be top executives in order to feel dignified.

The remedy for too much gang psychology is not more of the same stuff, which is now being dished out. Only a positive substitute can turn the tide. The individualist is losing the psychological war largely by default. The individualist has been defaulting by permitting the word cooperation to be captured by the enemy, and used as an antonym for individualism. The bottle of communist poison is being sold freely and widely by merely labelling it the cooperative system, and by falsely contrasting it with the private profit system. Cooperatives which are built on the class struggle philosophy, misrepresenting profit, certainly are not true cooperatives.

Robots do not cooperate. Neither do slaves. Neither do their masters. Cooperation and individualism are inseparable; neither one makes sense without the other in genuine social reform. Altruism and individualism are inseparable in genuine social reform. It takes two to make a bargain. It likewise takes two or more to make standards of social management mean something, and to make improvements on the standards. Improvements come from individualists bringing together a variety of views.

Cooperation is not a matter of blind acceptance, as in modern mass movements. Genuine cooperation calls for rigorous self-discipline. Only such cooperation constitutes a bulwark against autocracy. Robots are incapable of fighting successfully against abusers of power.

The new-social-order pretenders argue that individualism is outmoded by far-flung economic interdependence. But the interdependence is precisely what makes sound individualism more imperative than ever. For only individualists can figure out how to make the interdependence mutually profitable. Robots can't. Political and economic autocrats won't, except for their own selfish aggrandizement. By recapturing the word cooperation, which is completely subverted by the new-social-order gangsters, individualists could put their enemies in a precarious spot. The far-flung economic and

cultural interdependence in this world requires, more than ever, sound individualists to make the interrelations fruitful. A minimum amount of economic self-regulation is a prerequisite to government by wise consent of the governed.

3

Centralization and Enthronement of Selfishness

The evil results of political autocracy are partly the evils of private economic centralization, carried out on a far more comprehensive scale. To prevent official government from overstepping its delegated power, unofficial government needs to put its various houses in order. In both the field of education and in the field of business, the yardstick of progress has long been making money instead of making responsible individuals. The value of education is represented by the dollar sign. In both fields the wonderful mechanical efficiency and centralized administration have made people blind to the individualism which is indispensable in any workable social organization. Both schools and businesses have drifted toward the attitude that character education is not their job. The aftermath, in the form of dislocations in spite of or because of efficient centralization, has been denounced as individualism. This is not sound individualism, it is egotism and moral anarchy. Under this condition the most ruthless exploiter rules by blotting out new aspiring economic enterprisers. Selfishness becomes enthroned when we try to make money without making responsible individuals.

Besides the failure to distinguish between making money and making responsible individuals, there is the common failure to distinguish between use and abuse of individualism. This enables communists and anti-communists alike to rant against abuses as if they constituted the true meaning of individualism; they rant without end on the theme that individualism in economics led inevitably to selfish aggrandizement. They never tire of shouting that individualism is essentially selfish.

To make individualism workable, get rid of its abusers. That is a proper function of both official government and unofficial government. It is everybody's job to be vigilant in curbing abusers. The abuse of individualism leads to selfish aggrandizement. So, to help get rid of selfish aggrandizement, get rid of the abusers of individualism.

If selfish aggrandizement becomes inevitable it is not because of sound individualism but because of the lack of it. Individualists have failed to exercise their right and duty to curb autocrats before it is too late. Eternal vigilance is the price of liberty — that is a vital creed of the sound individualist. It applies not only to official government but to all forms of local self-government in various economic enterprises.

Those who rant most against individualism never ask the question: How can selfishness be eradicated, or even reduced, by the mere device of concentrating all power in one individual?

Collectivism is disguised individualism in the worst sense attributed to that word. It is the embodiment of all the abuses. It is selfishness in its worst degree. The meaning of human dignity is debauched until it just means getting our share of money or keeping up with Jones's. The appeal of collectivistic misleaders is always to selfish motives. The true dignity of labor is lost sight of; labor is viewed instead as drudgery. Dupes think the world owes them a living. They try to gratify their egotism and vanity by waiting for notoriety or money to just fall into their laps. But true human dignity is not something you get; it is something you create. Individualism is unselfish and creative for the benefit of all. Extreme selfishness and utter lack of true human dignity are outstanding earmarks of collectivism.

Bound up with the perverted definition of individualism is the perverted definition of profit in terms of abuses of profit. Profit is widely regarded as selfish aggrandizement or as acquisition of money not earned. Many well-intentioned enterprisers have failed to impress upon wage-earners the underlying common denominator of profits and wages, leaving them to absorb the Marxist false dogma that there is an essential antagonism between the two. This atmosphere fosters selfishness and centralization of power rather than sound individualism. Socialists do this deliberately with their slogan of production for use and not for profit, insinuating that profit is not earned and not for use. In the correct sense, profit is earned, and is definitely for use; it is something created, not something for nothing. Childish selfishness is enthroned when we disregard the true meaning of the profit motive.

4

Individualism's Constructive Role in Economics

As a contrast with collectivism, let us look at our traditional economic system where properly operated. The fruition of the free enterprise system of private property in general demonstrated not so often childish selfishness but more often the sharpening of a personal interest in promoting the welfare of one's neighbor — true cooperation. The institution of private property is unsurpassed economically as a means of putting responsibility squarely on the shoulders of every able individual. Each one is responsible for both profits and losses. Under government ownership, responsibility for losses vanishes, because the losses are simply charged up to the tax-payers. Under private ownership, each individual takes the consequences of losses incurred by himself, and therefore naturally takes steps to prevent further losses.

This has been particularly demonstrated in our agricultural economy, where daily work has been an education in self-reliance, initiative, thrift, and cooperative enterprises, such as cheese factories, creameries, exchange of help in threshing, helping the accidentally disabled, etc. Such endeavors have developed a voluntary sense of responsibility, without which a cooperative society cannot hang together. It is this division of responsibility, developed on a more or less voluntary basis, that puts individualism in a definite positive and constructive role in industry as in agriculture.

Although this lesson from the agricultural scene has often been forgotten in the more specialized industries, there are notable examples of successful and peaceful operation due to the outstanding fact that the employees had the opportunity and incentive to develop a sense of responsibility, which included a sense of having a stake in the business. They look upon their business as a community enterprise for the benefit of everybody. That is the fruit of individualism as it develops to overcome childish selfishness. Profit-sharing helps to accomplish this, except in a Marxist atmosphere, where the word profit is misleading.

Individualism's constructive role in economics is most important for the ethical side of economics. For in our industrialization we have tended to pin our faith on a smooth-running centralized administration. But such a smooth-running machine is in itself not a moral order, either in economics or in politics. Only individualists can build a moral order, because they are willing to assume responsi-

bilities. The inherent immorality of mob or crowd action and thinking is too familiar to need comment. It is the predominant type of mental escapade which is annihilating the distinction between right and wrong. The decay of individualism means the vanishing of the spirit of orderly social relations, without which industrialized society cannot function. The brotherhood of man can never be built by socialists — who are liberal with other people's money; it can be built only by individualists with opportunity and incentive for responsible self-government. Only they can build the social purposes or create the worthy cause around which troubled people can rally.

The top executive has been over-glamorized. It is everybody's job to discover and demonstrate that creative enterprise is by no means limited to the boss. It is self-expression all along the line of subordinate jobs that develops into responsible self-government in economics. This is true liberalism in official government. That government is best which interferes least with creative self-expression and self-regulation in economic enterprise. But this requires team work among the various individuals. Through teamwork is developed a higher phase of self-expression, a broader social perspective, and greater responsibility.

Lack of opportunity for creative self-expression has been responsible for many of our social conflicts during our rapid industrialization. This lack was brought on by both industrialists and educators. Industrialists were too busy with centralization of administration to think about the need of self-expression of their employees. At the same time, many educators fostered infantile self-expression, which was self-defeating. It glorified and perpetuated infantile selves. Such immature selves fail to develop the teamwork and broad social perspective needed in an industrial age.

Sound individualism does not bud forth automatically by just removing obstacles to self-expression. Positive cultivation of self-expression, on a higher level, is required. Free enterprise does not just mean absence of interference; it is a positive venture in self-expression. Without individualism there would be no enterprise. Individualism is indispensable as a positive meaning of free enterprise, and indispensable as a means of developing the social responsibilities of the enterprise.

5

Individualistic Basis of Sound Philosophy of Government

A philosophy of good government does not sprout automatically from the "grass roots", the present trademark of most political toys. It can originate only with intellectual producers ready to demonstrate that the most important digestive system in the human body is not the one below the ribs but the one above the ears. A sound philosophy of government, both official and unofficial, has to be built by individualists assimilating and reorganizing their knowledge. A hodge-podge of disjoined information can never constitute a philosophy of government, no matter how it is jumbled around. Also, a set of perishable economic promises — designed to pacify every drone and every ignoramus — does not constitute a philosophy of government. Propaganda for so-called democracy today is mostly schemes for making suckers think they are catching the fishermen instead of vice versa. The subversive slogan of democracy is used to make moral paupers think they can get materially rich by merely voting for it. This, too, is not a philosophy of government.

The multitudes are molded by individualists, by intellectuals, not vice versa, as the peddlers of popular gang psychology pretend. At present, the common procedure is to flatter and appease the common folk, and if they don't respond to the tickling feather, to pester them with the charge that they are apathetic and indifferent to the issues of the day — when only trivial issues are put before them. It is the slumbering intellectuals who need prodding to delineate a faith worth following.

Dynamically the United States Constitution does not exist on paper but in the minds of sound individualists. Only they can show how to implement its spirit, which is basically the spirit of divided responsibility. Robots can't. Autoerats and collectivists won't. They won't cultivate the spirit of law by demonstrating how to exercise divided responsibility all the way down the line of fair economic enterprise. It is this spirit of divided responsibility that prevents individualism from becoming a one-man show. Collectivism is frankly a one-man show, in the sense that the victims dump all their responsibilities on one man. A truly cooperative society is not a one-man show. A sound philosophy of government is not a one-man show; it is the product of various sound individualists getting their heads together.

Failure of intellectuals in favored climes to create or resurrect an audible faith — a faith of truly liberal government — is now threatening to plunge all mankind into autocracy and tyranny. In

such a liberal philosophy the primary indispensable principle is individualism, manifested as divided responsibility, not only in official government but more especially in unofficial government, encompassing the various educational means of improving social relations.

Many examples could be cited, since the turn of the century, to show that our political depravity has been brought on by the failure of intellectuals in influential places to guard or resurrect an audible educational and political philosophy rooted in workable individualism.

A generation ago prospective teachers were sometimes encouraged to bring out the special abilities of pupils, and books were written on exceptional children. By systematic corrosion this little effort to encourage budding individualists became transformed into its opposite, a vigorous opposite. Now we hear of teachers being persuaded to bring pressure on any pupil who deviates from the average. Equality of mediocrity has become the goal instead of exceptional abilities and responsible individualists.

Few understood this innocent-looking change toward gang-mindedness in schools enough to become alarmed, at first. Nor did many become alarmed at the early scattered insidious injections into our Colleges and Universities of socialism in the respectable Fabian pattern. The avowed strategy was to first convert intellectuals to socialism, then the rest of the population could easily be herded into line. More bluntly, the strategy was to undermine sound individualism in its primary intellectual fortresses of learning. It worked, and battalions of sophists became available to build a new social order on a "scientific" materialistic economic determinism, which left responsible individualism ejected.

These battalions, who had already shed their inherited educational and political philosophy, were ready for action when the Franklin Roosevelt dynasty began in 1932. These intellectuals, schooled in Fabian socialism, became brain-trusters and economic planners of the new era, as several writers have pointed out. It is understandable, then, that there was little opposition to the Chief's recognition of the Soviet political power, and his bold adoption of socialist and communist party platforms planks. The undermining of sound individualism in our educational philosophy left the ground ready for the depraved political philosophy and the "era of good feeling" for the educational and political wreckers and revelers.

The income tax hoax was prescribed a hundred years ago in the Communist Manifesto, as many patriots have noted publicly. Sold to gullible Americans as a device for giving the common folks a break by soaking the rich, it turned out to be exactly what it was intended to be in the Communist Manifesto — a sure-fire weapon for killing off individual initiative, among small wage earners and among the rich. Besides directly destroying venture capital among both little and big enterprisers, it has put the Federal government into business so far as to crowd out much private enterprise. The income tax was and is a financial hoax added to the parallel “educational” propaganda in schools as part of the socialist program for destroying responsible individualism, which is a central pillar of our inherited philosophy of education and government.

Further destruction of our inherited political faith was exemplified by packing of the United States Supreme Court in the 1930's in a bald effort to reduce the Court to a biased tool in the socialist struggle between economic blocs. This undermined the demand for and respect for high quality of judicial interpretations, which only responsible individualists can produce, and it substituted the degenerated idea that judicial decisions should be prefabricated by packing the Court, that is, mere quantity of votes to make a majority is what counts instead of quality of interpretations. This was a big step toward annihilation of that important tribunal, which was set up originally as a bulwark to protect responsible individualism.

Further corrosion of our inherited political faith was demonstrated at the same time by the way Congress abdicated from many of its duties by turning much legislative power over to economic czars and economic planning boards, consisting of non-elected Executive appointees. This undermined individual responsibility of Congressmen and of their constituents as well. It is rule by bureaucrats who were never elected representatives of the people. It was a big step toward Executive autocracy. Congressmen are not thus dispensable in a truly representative government.

Chapter II

TRUE LEADERSHIP

1

Disastrous Application of Mass Production Techniques to Social Problems

True leadership is a positive psychological principle of unofficial self-government, conspicuously lacking in our mechanized social order. Our failure to educate for creative thinking and true leadership, while we trained for mechanical and technical perfection, is largely responsible for many of our current human problems in industry. Our educational philosophy, in schools and elsewhere, has been wrecked by two false doctrines of leadership. To make the situation worse, mass production techniques, developed for production of standardized mechanical parts, are being applied to social and educational problems, making it harder than ever to educate for creative thinking.

Many muddled perennial social remodelers are gushing sympathy for the so-called masses without evincing any sign of embarrassment from the similarity of their concept to the collectivistic concept. They simply assume that members of society now have to be handled in large masses, even with the ironic touch of handling the individuals like identical blocks of wood in the name of the dignity of human beings. Members of the species are processed, classified, or evaluated in terms of conformity to a materialistic standard, style or average. Samplings of public opinions are averaged, grouped, and juggled, as if running the government, or the factories, or the entertainments, or the advertising and selling, were just a matter of feeding statistics into a computing machine.

In our mushrooming industry, mass production became necessary of course. Even in the field of human learning, in the increasingly crowded schools, group instruction and group tests became more and more necessary in teaching tasks which could hardly be executed on an individual basis.

But the fact that mass techniques became necessary does not at all prove that it became necessary to overlook the new problems created by and during their use. Mass operations do not change the inner nature of rivets and bolts and ball-bearings. But what about their

effects on human attitudes? Individuals are being treated as standardized rivets and bolts in a vast social machine. They are not rivets and bolts — yet.

Our country's adventure in industrialization poses more poignantly than ever the old problem of how to avoid the pitfall of educating for conformity. The very attempt to avoid this pitfall now is plunging us precisely into it. In the attempt — or pretext — to avoid dogma, many are plunging into the degenerate dogma that the impacts from the mechanical environment are the principal determinants of human conduct. Children and youths, in school and out of school, are being led to believe that they are creatures fashioned by the impacts of Twentieth Century mechanized environment and mass techniques, and that our cultural heritage is outmoded and useless in educating for a changing world — as if the mechanical environment were self-changing. Such false training supposedly for a changing world turns out to be training for conformity to security cubby-holes in our mechanized environment. The end result is regimented minds, incapable of readjustment — or confused minds, incapable of consistent behavior. Individuals become slaves of the mechanical juggernaut which they have built, often for no discernible purpose except to idolize. Would-be leaders have been too busy floundering around with supposedly objective mass methods, averages, standards, distribution curves, and classifications to consider the meaning and need of educating for leadership and creative thinking. Admirable techniques, mechanical gadgets, and methods become ends in themselves.

Centralized administration and mass techniques are fine things from the point of view of material efficiency; but mental regimentation — or mental anarchy — is too high a price to pay for it. Mechanical time and labor-saving devices are a great relief; but what are most workers — and figureheads — doing with the leisure time and energy saved? The constructive use of these requires a different type of education than mass techniques.

Because of our educational delinquency in the all-important human side of making a living, it is not at all strange that many youths drift to the cynical conclusion that there is nothing to live for beyond the ephemeral pleasures and purposeless automatic actions of their mechanized lives.

Education for leadership means developing minds capable of formulating and carrying out worthy social purposes for which all these machines and techniques might be used. The automobile in the hands of the common speeder or the sensation-monger is dangerous

to society. Safe drivers do not come from the mass production line. Mass education produces plenty of excellent technicians, but it can not produce creative thinkers, willing to invent and implement better social purposes and standards of human relations in a complicated social environment. So, inventiveness or creative thinking is being limited mostly to invention of new mechanical gadgets, gaudy color schemes, new combinations of noises in so-called orchestras, new weapons for killing in war, and other streamlined methods of reaching the undertaker.

In this mechanical world, thinking has been carried out predominantly with static, mechanical concepts, which get us into trouble when we apply them to psychological problems, where we are dealing with processes, not static things. This further emphasizes the dire need of education for creative thinking, which because of its very uniqueness cannot come by mass production methods.

2

Renunciation of True Leadership

How much of the mass training — in school and out of school — was really necessitated by our huge industrial machine and systems, is a big question. Yet it is secondary. The most serious problem is the totally unnecessary renunciation of the principle of true leadership by leaders themselves.

This renunciation took place partly because various rulers in earlier centuries had overemphasized autocratic, rigid discipline, and partly because the life of ease spreading in our own country naturally led to laxity in discipline. In the reaction against abusive rulers and teachers in past eras, many in this century have swung to the other extreme of glorifying the infantile cravings and immaturities in pupils in school and others on the outside. Promiscuous immature self-expression took the place of leadership. Children and youths have been and are being puffed up with the idea that there is no authority above themselves who needs to be respected. Enough of them have believed it to cause embarrassment for the delinquent teachers and rulers. They are misbehaving just as they were taught to misbehave.

The leaders' abdication of authority, of course, hastened crises in industry. Industrial management is a management of persons, not just inert things. Both business leaders and teachers have often lost sight of this important fact, and have surrendered to the demagog their role to speak with authority on human management. Since the demagog is only a corrupted authority, all three are finding them-

selves in the ticklish position of trying to appease all sorts of infantile demands of the gangs, having lost much of their authority to do otherwise.

A good deal of current anti-communist utterance falls into this category of disavowal of leadership. To put it in a nutshell: "The communist problem will not be solved by what intelligent leaders do or say but by what the underprivileged people think they will get in the form of materialistic economic satisfaction." This is a cruel betrayal, because it simply tosses the impoverished people to the mercy of any wolf who offers them materialistic promises. It is an unjustified charge against their moral integrity, implying that they are moved solely by the materialistic cravings of the beast. In cases where they are so moved only by materialistic cravings, it is because of the absence of leaders who could offer something better than the materialism offered by the economic magicians.

Many who profess opposition to the current creeping Welfare State octopus, on the domestic scene, are frozen in their tracks by being confronted with the standard gag: Which social welfare legislation would you repeal? Having junked true leadership, and practically denied the validity of political principles, they cannot answer in other terms than materialism and jealousy, which is no answer at all.

When the political arm of social regulation is subordinated to economic plunderers, as is now being done, welfare legislation means farewell to justice submerged by mad scrambles for spoils. Chiselers are observed to be encouraged by diverting or nullifying the original intent of the law. This current notion of the Welfare State is self-defeating. It is the favorite means of usurpation by power-seekers. It is the inescapable result when economic bloc-thinking is substituted for true leadership.

The withdrawal of vital leadership in economic enterprise, education, and other phases of unofficial government enables official government to overstep its limited powers, and to become a government of economic blocs instead of a government of laws and principles.

Renunciation of the principle of true leadership has taken place in the face of the embarrassing truism that the evolution of law and order in human conduct has not kept pace with the developments in the physical sciences. The need for true leadership is conspicuously greater, not less, to counterbalance the predominantly materialistic impacts upon growing minds in the mechanical environment. Young

minds need more than ever to be brought into contact with great minds and their social purposes behind inventions.

Deserting the leadership role, furthermore, is in violation of a fundamental law of social organization — the natural tendency of people in a civilized country to divide themselves into leaders and followers. This is not to be confused with the master-slave relationship. Citizens follow a leader; they are driven by a master. The master-slave set-up is a primitive social organization, which only becomes more destructive under industrialization. Abdication of a leader means betrayal of the followers. Dictatorship of the common people is a degenerative philosophy. The normal desire of many is rather for something worth looking up to.

Any guardianship which appeals to the downtrodden solely on materialistic grounds, with no assurance of a political or moral faith, is false and corrupting. A function of true leadership is to accomplish what economic bootstrap-lifting cannot do — to point to a faith or set of principles around which citizens can rally and develop sufficient local leadership and self-government to maintain a check against economic plunderers' usurpation of the power of official government.

3

Two Contradictory, False Doctrines of Leadership

Having generally renounced true leadership, we are now staging a ridiculous circus of trying to straddle two contradictory doctrines of leadership, both false:

- 1 Dictatorship-from-the-bottom.
- 2 The Chief ruling the masses.

Politicians have been prating about a dictatorship of the common people, while many educators have been similarly prating about a dictatorship of the pupils, urging that schools should be run on a cafeteria style, with the pupils dictating their own menu. Some so-called progressive-education faddists finally became disillusioned about this digression into teaching anarchy.

More insidious and dangerous are the widespread watered-down versions of this dictatorship-from-the-bottom fable. In the various economic, political, and educational fields, figurehead leaders are directing their appeals primarily to the most popular and most infantile wants. They are not leaders but appeasers. Many advertisers, politicians, educators, and others appeal to and glorify the most childish wants, because they are the most common. The aim is to

please the greatest number for volume of trade, or for volume of social recognition. Over-run by this dictatorship-from-the-bottom fable, emphasizing the needlessness of growing up, the streets and highways are becoming over-populated with arrogant, self-righteous, sophisticated cynics, who are bored because they are only in each other's way.

Although renunciation of true leadership was precipitated partly by too much tyranny, the absence of true leadership in turn left defenseless followers still more defenseless against bullies and tyrants. The most powerful bully rules the local roost, and the most power-hungry politician pushes his way to the top in the state or nation.

It is for this reason, too, that the individualist by himself cannot accomplish much in the present situation. Many an individualist is left powerless to implement his ideas because domineering personalities are in command of crowd sentiment on every hand. They are the ones who easily assume control under the first false doctrine of leadership.

The anarchy brought on by the first false doctrine of leadership (dictatorship-from-the-bottom) leaves the ground ready for the second false doctrine (the Chief ruling the masses). According to this false doctrine, the so-called masses are openly or covertly assumed to be incapable of governing themselves and so have to be commanded by a powerful Chief or centralized authority. Under this Chief, a brain trust or clique of economic plunderers, called planners, take the place of Congress, thus weakening or eliminating a principal bulwark against usurpation of power by the Chief Executive.

During the past two decades, our country has been ruled by arbitrary decrees from the Chief Executive, with quack planners, rather than by Congress. There have naturally enough been drives to revive the Machiavellian doctrine that might is right, and that myths, vile lies, and other deceptions are not only right but quite necessary to keep the restless "masses" under control. During these two decades, many have dreamed of the Chief Executive as an indispensable man, and many have added an indispensable big stick. Both demagogues and their dupes have been talking and acting as if the fate of our country rested on the shoulders of one man. The indispensable benevolent autocrat is indeed the standard precursor of the ruthless autocrat to whom only might is right.

These opposite kinds of false leadership are both characterized by lack of a sound social creed or high-grade social purpose. It is a matter of personal attitudes and prejudices rather than impersonal principles. The Chief has to be an opportunist, catering or pretending to be catering to every changing whim of the populace. There are then too many unresolved internal tensions to make stable government possible. Sooner or later hatreds have to be directed outward against external scapegoats called aggressors.

Meanwhile, the contrast between the lax discipline of luxurious idling and strict military discipline — which represents the two false doctrines — creates many mental maladjustments, because the two are irreconcilable. First, youngsters grow up with the notion that they need not respect any authority above their own childish selves. Then they are sooner or later suddenly confronted with the doctrine that might is right and that we live only by the commands of the mighty ones.

Study of these two false doctrines of leadership — mawkish acquiescence on one hand and ruthless commands on the other hand — reveals ample evidence that neither one nor any combination of the two can solve our social problems. We have been trying to straddle or seesaw between the two in different combinations of acquiescence and commands. It never works, because they are both false.

The first false doctrine appeals especially to the failures in life, the drones, the slackers, the parasites, the sincere but blind reformers, and many vanity addicts. The second doctrine appeals primarily to the ruthless power-seekers, motivated by arrogance.

A collectivistic society is made up of ruthless power-seekers, who easily mobilize the failures, the drones, the slackers, the parasites, the sincere but blind reformers, and numerous vanity-addicts.

Many of these professed reformers are truly sincere in their humanitarianism; but they are not the ones who are running the show. It is the presence of many sincere but blind, misguided reformers, harping on humanitarian themes, that prevents many from preceiving the diabolical control of these innocent-looking socialist reform movements.

Education Means To Lead Out

Belief in orderly social relations, generally, has been fading out with the fading out of the teacher's respectable role in schools and the statesman's respectable role in politics. The significance of "e duco" (to lead out) faded out in a renegade philosophy of education, — political and nonpolitical, — fancying a sort of spontaneous generation from grass roots. Such spontaneous generation — of what besides infantile egotists? — would be a matter of centuries, worthless in the present high-speed age.

Multitudes are without a political and ethical faith because genuine education for leadership and rule of principle has often been replaced by adaption to security cubby-holes in our mechanical environment. The delusion of economic security does not give lasting satisfaction. There is loss of faith in human beings because leaders themselves have been renouncing their faith in social ideals and their own role in building them.

The class-struggle philosophy which is prevailing in our confused world is an ignoble deterrent to education for leadership and social profits. It is totally uncreative. It is a serious obstacle to the recruiting of talented beginners for suitable promotions. Curbs on production and other restrictive rules drive ambitious talented workers to look elsewhere for greener pastures. The business loses a good worker and the worker loses a good opportunity to develop talents. Education for leadership — by example — would seek out talented workers and give them encouragement and opportunity for development of their capabilities and interests, unhampered by restrictive rules, and unhampered by the artificial antagonism between management and labor.

It is rapidly becoming more imperative that education mean to lead out the hide-bound self, stunted in an environment of prefabricated cubby-holes. Sound leaders normally constitute the most important part of the environment. Education means to lead out when there is identification or affectionate relationship with the leader. By establishing this affectionate relationship, the pupil or worker absorbs some of the social perspective of the leader. Each one becomes conscious of working as a member of a group or community. Managing a group for social profits is something quite different from processing rivets and bolts for mere money profit. It involves pioneering in human relations in the modern world.

Education, meaning to lead out, is a creative process, in sharp contrast with the two false doctrines of leadership. Nothing is in-

vented or created by mawkish appeasement or by averaging public opinions. Nor, on the other hand, is anything invented or created by ruthless commands. It is education for true leadership that builds minds capable of inventing or creating. Only creative minds can achieve sufficiently broad social perspective — and sufficient spirit of law — to analyze and resolve conflicts and construct the standards and policies which are necessary in cooperative economic enterprise.

Education for true leadership, because it involves an affectionate relationship with the leader, involves respect for proper authority, whereas the prevailing policy of setting up an artificial barrier between management and labor breeds only contempt for proper authority. Respect for proper authority grows simultaneously with self-restraint, which is the opposite of the cultivation of arrogance in the collectivistic school.

The etymological meaning of education, then, is quite different from training for one-man rule and conformity. True leadership seeks to educate for rule of law, as contrasted with egotistic one-man rule, which is now popularly confused with individualism but is rather an abuse of individualism. Sound individualism discovers laws, creates principles, and revises traditions to preserve what is worthy. Leadership gives followers something to follow — the cultural heritage from former individualists. It demonstrates the superiority of impersonal principles over personal prejudices in social management. A true leader is respected and emulated because of the superior humanitarian ideals exemplified.

Would-be leaders have to recover the lost authority to instruct, direct and advice. This is easier said than done. The authority of a creative mind cannot be delegated from above. Such authority has to be earned. It is a slow process of cultivating respect for and authority of sound ideas and ideals among victims who have been taught that they need not respect any authority of reason or tradition, or any person above their own supposedly omnipotent selves. It is a job for individualists, who need to state their own case clearly in their own minds in order to be able to speak with authority on the social function of economic enterprise. The job of restoring authority of sound ideas and ideals is at one with the process of self-restraint in action. This self-restraint is the very opposite of the quack reformer's cultivation of self-inflation and lust for power.

The restoration of respect for true leaders and their social creeds is a process of cultivating rational group sentiments, through group identification, as opposed to mob thinking. It is this rational group sentiment that makes laws enforceable and makes a truly progressive society hum harmoniously and act harmoniously. Through select

group identification with a vital cause or worthy social purpose, individualists can initiate action.

More concretely, in this way the public can be led to demand quality goods and services instead of cheap goods and services. The true leader does not use the excuse of giving the public only what is wanted, according to the dictatorship-from-the-bottom fable; the task is to lead select buyers of goods and services to demand new and higher quality goods and services instead of superficial decorations and entertainment. Demands for these do not come by spontaneous generation from the bottom. Creation of these demands requires the highest type of salesmanship. Select group identification with superior kinds of services will provide models for others to follow.

CHAPTER III

CONSTRUCTIVE COMPETITION

1

Four Fictions in Three Words

Even during the mounting indignation against the communist label we are letting alleged unmanageable surpluses grow into problems amidst houses of economic fictions. Houses of economic fictions are no bulwark against the enemy; they are fabricated by the enemy.

Here are four fictions in three words: Competition causes surpluses.

Fiction 1 — that a surplus is a curse.

Fiction 2 — that competition is a curse.

Fiction 3 — that there is a causal relation between the two curses.

Fiction 4 — that the profit motive is the fount from which these curses flow.

In fiction 1, the bugbear of surplus and overproduction is thrust forth to scare us into the notion that the historic mission of capitalism is ended, in allegedly solving the problem of production, and hence that restricted production is the new order of the day. Capitalism is said to have fulfilled its function with the appearance of overproduction.

The correct interpretation, on the contrary, is that the system really only begins to function properly when a surplus appears, making possible the creating and satisfying of new wants.

The fiction-makers want only enough supply to meet demand. But if we produced only enough to meet pre-existing demands, there would be no progress, no new wants, and no new kinds of production. A surplus is the balance-wheel that makes the economic system tick. A net surplus is indispensable for the creation of new economic enterprises for improving conditions of living. It is the collectivistic economic planners who maneuver to make a surplus look like a curse, because it is an obstacle to their scheme for a static, regimented economy.

Fiction 2 is built up first by smear tactics to discredit competition. There is a continuous barrage of invectives and slogans, such as cut-throat competition, and boom-and-bust system, depicting competitive economies as baneful. The fluctuations in competitive economies is falsely depicted as leading inevitably to monopoly. It is insisted by some writers, who go through the motions of fighting communism, that monopoly is inherent in competitive enterprises and that monopoly grows inevitably out of the competition just as an adult grows up from a child.

This is the equivalent of the official communist dictum that it is especially the small capitalists who must be purged because they contain the germ of future big monopoly capitalism. So, under the guise of anti-communism, official communist ideas are being planted in the minds of thousands of readers who do not know they are swallowing official Marxism.

The fiction-makers are making themselves conspicuously absurd by objecting to competition on the ground that it leads to monopoly, because monopoly is precisely what the fiction-makers want. Fair competition is not a curse, monopoly is the curse.

Fiction 3 is that competition causes surpluses to pile up until they become unmanageable and that this unmanageability is inherent in the free enterprise order. No, there isn't much left of free enterprise. Interventionists are running the economic circus now. It is the interventionist obstructions to fair competition that leads to greater and greater dislocations, which constitute the desired pretexts for monopolistic production control.

The interventionist philosophy and program is planned scarcity disguised as planned abundance, while the manifest aim is to sustain the further fiction that a high price level is in itself the true measure of prosperity. In the efforts to sustain this fiction, the quack economic planners create more dislocations than they alleviate. This increase of dislocations more than offset the benefit of new inventions and improved methods of production, which is evidenced by rationing and planned scarcity even in time of peace. The effect of all this is to destroy individual incentive and responsibility for attempting readjustment locally. Producers are fooled by the high prices which make them forget that they themselves will have to help pay for the oranges, potatoes, etc., which were destroyed by official government, and help pay for the butter, eggs, etc., which rotted in government warehouses. Who is getting something for nothing? We had scandalous official government situations in which so-called unmanageable surpluses of these foods were deliberately destroyed for the sake of economic fictions, while thousands of underprivileged persons were in need of these foods. This was brought on by interventionists' meddling. There was nothing in the notorious unmanageability

of these surpluses which could not have been foreseen as a consequence of economic fictions launched by the quack planners.

Whereas interference with normal competition causes unmanageable surpluses, — or scarcities, — normal competition causes manageable surpluses. Fair competition does indeed provide the incentive to produce surpluses for use in improving living conditions and for finding new uses for surpluses. This incentive is not a curse.

Fiction 4 is manifested in the discussion of competition always in terms of the class struggle between the have's and the have-not's, on one word, in the struggle for profit, according to the subversive definition. Fighting for loot is being pictured as the essence of competition. This is the false definition of profit, not the true meaning. This alleged struggle for profit as loot is a misrepresentation of both rise and decline of free competition. It was the competitive struggle for profit in the correct sense, — as something really earned, and as something to be used for improving living conditions, — that led to more production for use. Abuses were caused by enemies of fair competition and advancement by merit.

2

ABC's of Fair Competitive Economics

The prescription of a remedy for our economic dislocations is disagreeably simple for the many security-fetters who are dwelling in houses of economic fictions. They find it discomforting to face elementary ABC's of fair competitive economics, such as the following:

- A — Fair competition forces inefficient producers to improve their methods of production.
- B — Or it forces them to shift to some other field where they might become more efficient.
- C — Above all, it provides incentive to shift from production of material things, of which there is an abundance, to production in the educational and cultural fields, where there is scarcity of sound production.

It is when people make their living by educational and cultural production that they can find the fullest self-expression and consequently the greatest satisfaction in their work. But this great opportunity is deliberately wiped out by the pesky peddlers of the mature-economy myth, according to which there are no new things to be produced above the level of materialistic wants. Creative, rational self-expression in one's own work involves some social recognition and calls for production of standards and principles of human relations, which are admittedly notoriously lacking in our industrial world.

Lolling in fictions instead of facing ABC's of fair competitive economics, Twentieth Century Americans fail to reach the cultural heights of many creative minds which lived amidst the poverty of the distant past. A cultural economy which seems unable in this century of abundant information to amount to much above the level of materialistic gadgets and sensationalism is far from mature. We are now advertising to the world our conspicuous lack of production in the ethical field. We display friendship with corruption on the domestic scene, and we are proposing to compete destructively against communist countries with crass materialism and physical power rather than with ethical principles, implemented by example.

Ethical principles do not originate in law books, they do not originate in monopolists, and they certainly do not originate in our economic plunderers disguised as planners. The sense of fair play and justice is hammered into form on the battle-fields of truly competitive games, sports, educational contests, and in the shrinking areas of free competition in earning a living. The latter are surely shrinking, as also areas of fair competition in commercialized athletics.

While often respecting with meticulous care the rules of fair play in make-believe situations, as in many athletic contests, we fanatically destroy such fair play in actual economic life. What a travesty on dignity of human beings! The sense of fair play in economics cannot flourish unless there is provision for advancement by merit. That is determined by fair competition.

Even in the field of education there are subversive agitators and blind reformers who are urging that competition be eliminated from school games, debates, examinations and other contests, with the flimsy excuse that someone may become frustrated from too intense competition. They miss or disregard the importance of fair competition, suitable for the beginner's abilities, for developing the sportsmanship and moral fiber which constitute real fortifications against communism.

Our official government was not designed as a substitute for educational institutions or the school of economic hard knocks, where the spirit of law must be hammered into form. Without competitors learning the meaning of fair play by doing, the letter of the law, represented in official government, is ineffective, as a safeguard against villains.

Free enterprise means earning and advancing by merit. It is not just absence of interference, or absence of competition. Fair competition is very necessary for determining advancement by merit.

Competitive advancement by merit is elemental and fundamental both for those who make their living by producing material things and those who make their living by creative productions in the fields of ethics and culture in general.

3

The Issue: Constructive versus Destructive Competition

All the sound criticism of labor monopoly or industrial monopoly, as such, is not enough to convert the worshipper of the fetish of centralized power and the many others who are wont to see the issue only as between competition and no competition. The fundamental issue is not between competition and a utopia of no competition, as the issue is popularly distorted. The issue is between two types of competition: destructive or constructive.

Outside the graveyard there is no happy escape from the discipline of competition. Life is essentially competitive. In our efforts to escape, we are jumping from the testing-pot of constructive competition into the fire of destructive jealousy, such as between management and labor monopolists, or between rival bosses. Promotions according to merit in constructive rivalry are vanishing. Destructive rivalry is filling the vacuum. Constructive rivalry is the zest of life; destructive rivalry is everybody's loss. Competitive advancement by merit is a matter of life itself.

New-social-order peddlers are frequently and falsely contrasting competitive enterprise with their mislabeled "cooperative system" (which is autocratic and regimented). There can hardly be a truly cooperative system of economic enterprise unless there is advancement by merit; for advancement by merit is an excellent and primary incentive to cooperation.

When official government discards girth control and parades as a substitute for the law of supply and demand, it does not represent the people as a whole, and cannot facilitate advancement according to merit. The very name of labor government disqualifies it from representing all groups, just as the former industrial-controlled government failed to represent all groups. It does not even represent the laborers, which has been becoming evident in England, and in the socialist concept and practice of so-called collective bargaining in our own country. Under this subversive concept, wages have been regimented, and fair competition badly wrecked.

Under a labor dictator, what chance have beginners to advance by their merits through competition and quality of work? Under

seniority rules they observe that advancement to higher jobs and higher pay is often only a matter of killing time, since quality of work and effort do not count.

The current arbitrary division of an industrial plant into management and labor creates an antagonism between them which is inimical to advancement by merit. Circumstances and agitators compel an ambitious laborer to be more or less anti-management all the time while he is progressing toward the foreman's job or the dividing line between labor and management. He fails to identify himself with the employer. This does not prepare an ambitious laborer to take a place in management. If he does, he may have to suddenly transform himself from anti-management to anti-labor. This is destructive competition between the two camps. It leaves no room for inspiring relationship with the employer. It is a serious blow to the incentive to advancement by one's own merits.

When constructive competition and advancement by merit are eliminated by the meddling hand of official government, then we have lost an important peaceful substitute for brutal war. The shift to destructive competition is a shift to civil strife and ultimately to foreign war. World war can be stopped only by finding peaceful substitutes for it in the form of constructive competition. Constructive competition needs to be restored between laborers and also between rival employers. Furthermore, development of sportsmanship in various forms of constructive rivalry, both in economics and in athletics and other recreational activities, would be useful substitutes for the numerous antagonisms that culminate in war.

The movement toward centralized power has its sad, inevitable counterpart in the destructive competition between rival usurpers of power. That is the substance of the destructive warfare which is now raging in the name of peace in many phases of human life, domestic and foreign, annihilating the fundamental right to advance by the creative products of one's own labor through wholesome rivalry.

It is only destructive competition that leads inevitably to monopoly and war. Constructive competition and advancement by merit are vital substitutes for both monopoly and war.

CHAPTER IV

EXCHANGE OF SERVICES: NUCLEUS OF SOUND ECONOMICS

1

Socialist Quack Nucleus of Economics

Collectivists build their utopia around a quack nucleus of economics. They misrepresent the abuse of profit as the true definition of profit, and by this means they seek to destroy the proper meaning of profit and the proper functioning of private enterprise. Profit is regarded as loot or something not earned. Economics is then said to be simply a struggle for this loot.

Why do so many critics of socialism fail to recognize this quack nucleus? Why do they propose to reform capitalism as if there were something inherently wrong with it? In real or feigned opposition to socialism, they adopt some of the same false assumptions used by the enemy. They refer to profits apologetically as if there were something inherently reprehensible about profits. Yet they argue about "getting" a fair share of wealth, implying that wealth is something to get and that we have to get it by depriving somebody else of it. In this way many critics of socialism foolishly agree with the false assumption that predatory economics is the only kind there is.

Various defenders of private enterprise naively try to defend it simply by stating the obvious fact that production has increased tremendously more under it than any attempt at socialism. This fails utterly to clash with the argument of the enemy. The socialists freely grant that capitalism performed its historic mission admirably by producing plenty in an age of need. Furthermore, they are always harping on the theme of overproduction.

The socialist argument continues with the assertion that this system which was admirably suited for production in an age of need is not at all suited for the new task of distributing wealth in an age of plenty.

Again, various reformers fail to expose the fallacy here. The fallacy is to assume that in our age the problem is not production but distribution because, socialists say, we are living in a mature or contracting economy. The problem according to this false assumption is

how to divide the loot, not how to produce new kinds of wealth. Instead of exposing this quackery, many reformers plump for it, lamenting about overproduction instead of finding new uses for alleged surpluses, and producing new kinds of goods and services.

The alleged inevitability of monopoly capitalism is not due to the normal operation of fair competitive enterprise; it is due to the struggle-for-loot misrepresentation of profit-making. According to this subversive theory, wealth belongs to those who have the power to grab it. It is this quack nucleus of economics that makes monopoly capitalism inevitable. The quack reformer is committing the same error as the greedy business tycoon whom he denounces.

The collectivists admittedly do not want to destroy this monopoly principle based on predatory economics; they merely propose to change the label from private to state monopoly capitalism, under the pretense that it would be automatically run in the interests of the people as a whole. But this is still based on the predatory theory that wealth belongs to those who have the power to grab it. In this practice, labor misleaders are aping the monopolistic practices of the moguls they pretend to be fighting. Such a predatory theory cannot be implemented for the benefit of all. This has been shockingly demonstrated in the political corruption in the past two decades of collectivistic agitation. Our politics has consisted principally of quarrels between economic blocs in which the welfare of the nation as a whole has been lost sight of.

2

Psychology of the Profit Motive

Economics is senseless with the struggle-for-loot misinterpretation of profit-making. The psychology behind sound profit-making was more obvious in simple agriculture before much specialization took place. The motive behind cultivating the soil was to bring about a change from a poor living condition to a better one. To accomplish this, the harvest needs to be great enough to make the labor worth while. In more advanced terminology, investment of labor or money must produce enough to leave a net surplus or profit, otherwise there will be no improvement. Since surpluses and profits are indispensable, there is nothing inherently wrong with them. Sound profit is always for use. Economics is senseless when the greedy abuse of profit is misrepresented as the core of the system.

The slogan of production for use instead of profit has done great damage in undermining the sound meaning and use of profit. Likewise the description of a surplus as a curse hides the fact that a sur-

plus is normally for use and is indispensable. Socialists succeed in their wrecking scheme by preventing their victims from understanding the correct psychology of the profit motive.

Socialist parasites seek to live not by producing goods and services but by corrupting the medium of exchange, according to their quack nucleus of economics. By concentrating attention on money manipulation they draw their victim's attention away from the fact that true wealth consists only of goods and services. The profit motive must be considered normally in terms of goods and services.

Money is only a receipt for services rendered, or promise to pay. Money is the device used for exchanging past services for somebody's present services. Money and capital are only receipts for past labor. There is no inherent antagonism between receipts for past labor and present labor. But socialist parasites would starve to death if they do not keep up their fiction of an inherent antagonism between capital and labor. It is always easy to enlist victims into greedy class warfare, for the benefit of monopolists on either side. But if enough laborers understood the correct and essential role of capital in normal life, as merely receipts for past services, they could get rid of both brands of greedy monopolists. Instead of being deluded into disastrous warfare against the economic system, they would attack and expose its abusers.

Being predatory, socialists won't accept the correct definition of profit as something created; they describe profit as something to take or get. Their proposed way to wealth is not to create it but to take it away from someone else. Profit as something you create means surplus goods and services with which to improve living conditions. Profit is essentially creative. It is bound up with self-expression, as improving living conditions is a form of self-expression. Profit must be defined in terms of constructive human motives. Normally, then, money profit is social profit.

Private property — including profits — means right to the products of one's own labor, including the mental labor of planning and providing jobs for others. This is an incentive to produce more material goods with which to improve living conditions for one's self, and also to improve living conditions for others. Property rights entail social duties. Free enterprise entails social duties. Property arrangements are only means to an end or purpose. Free enterprise is workable in the long run only when property arrangements are considered merely as means to social profits.

3

Exchange of Services versus Struggle for Loot

Sound economics can be boiled down to three words: exchange of services. The prevailing quack economics, too, can be boiled down to three words: struggle for loot.

In a normally functioning private economics, profit is mutual. The service exchanged is mutually beneficial; otherwise there would be no trade. Quack economics is one-way grabbing. Sound economics deals with actual services. Quack economics tinkers with abstract money. But money as such cannot satisfy any human wants.

In a free market economy, satisfying the consumer is a primary incentive. The consumer's vote in the market-place is invaluable to all concerned. In collectivism, the consumer has no market-place vote to determine the quality of good and services. Government monopoly operates by commanding, not by asking what the consumers desire. The most powerful economic bloc does the commanding. In a free market economy, each person is both producer and consumer. This fosters the spirit of exchange of services.

The function of official government in sound economics is to facilitate exchange of services. The function of government in looters' economics is to legalize a monopoly of one faction of looters to prevent mutual benefit of services in society as a whole. Under the looters' economics there can be no progress. It is self-destructive. Each factional economic group calls for a powerful official government for its own greedy designs. The most powerful economic clique simply takes over the official government. The various so-called liberal and social-democratic cliques in Europe and America are waging a senseless, childish struggle to see which shall usurp official government.

During this senseless rivalry we hear it said that capitalism is on trial or that socialism is on trial. But the declaration that capitalism is on trial is a feather in the hat of the socialist. For capitalism is being cussed or defended in terms of distribution of material wealth, as if the issue were purely materialistic. No economic system can function merely as an external system; it functions only as a manifestation of some sort of law and order in human conduct. The external system is only a tool for satisfying human wants. The issue is not between capitalistic or socialistic external property arrangements as such; the issue is between service or plunder as a standard of human relations.

Little by little the ethical core of profit-making and economics in general is being made to wither away by our simply ignoring it. It is nonsense to say that the issue is between capitalism and socialism, considered purely in terms of materialistic economics. The issue is ethical. Ethico-economics might be a useful term occasionally as a reminder of the largely forgotten ethical core, without which economics cannot function. Economic progress depends on how conscious producers and consumers are of exchange of services as the nucleus of economics.

The real issue is between two versions of moral authority: shall we retain the ethical principles that have evolved with capitalism, in its desirable manifestations, or shall we return to stealing, which is the heart of socialism? Do we want to retain the principle of divided responsibility which has evolved with the institution of private property, or turn all responsibility over to one individual, who is certain to become irresponsible as power goes to his head? Divided individual responsibility is conducive to exchange of services, whereas the effort to centralize power and responsibility means struggle for loot and no responsibility. Genuine cooperative enterprises can never be built around the latter.

The economics of our colonists, before the Federal Government was formed, was built around prominent ethical principles. They tried out, and retained or discarded, various principles of group living, including some non-Marxian forms of communism. These forms of communism never worked, even on an attempted Christian basis, because under communal ownership individual responsibility vanished and the spirit of service deteriorated. In contrast, private ownership proved to be a valuable means of fostering the spirit of service.

4

Perpetual-Motion-of-Money

Physicists long ago junked the theory of perpetual motion. But our economic magicians are building modern finance on this disapproved and rejected theory.

During industrialization, which reduces cost of production, prices naturally decline, and there would be more time for leisure, education, producing new commodities, or for improved services. But this road to economic well-being is blocked in many places by the money-in-motion economic magic. Price level is stupidly regarded as the measure of economic well-being. Even at present, we are repeating the old, discredited practice of using official government to

prop up prices by artificial means, such as minimum price supports. This nullifies the law of supply and demand, which would automatically eradicate inefficient producers and induce many to turn to other forms of production. The "unmanageable surpluses" become still more unmanageable. These artificial props under prices destroy the incentive for producers to voluntarily adjust the quality and kind of production to meet the changing demands of the public.

The resulting simultaneous inflation and poverty demonstrates the falsity of price level as a measure of economic well-being. A concrete standard of living does not consist of a high or low price level; it consists of flexible production and especially the quality of goods and services.

Purchasing-power is a shibboleth widely used to foster the delusion that money as such is the key to elimination of poverty. Purchasing-power is no guarantee of welfare because one person will use the money constructively, while another will spend himself into gradual or swift destruction. It is not the medium of exchange but the judicious use of it that counts.

In all the twaddle about money-in-motion and purchasing-power the desire or purpose is always to get or to take, not to serve. But exchange of services is the necessary key to the solution of the so-called unmanageable surplus problem, as well as the problem of poverty. The incentive to satisfy buyers with new or better goods and services is what makes the law of supply and demand workable. This is not a pipe dream; it was a tried and proven sound business procedure before the economic magicians interfered by sabotaging the self-balancing of supply and demand.

The effect of the money-in-motion economic magic is to aggravate human greed instead of reduce it. Human greed is what the socialists are ranting about. But manipulation of the medium of exchange does nothing whatever to reduce greed. On the contrary it aggravates greed because it is motivated by the quack nucleus of economics — struggle for loot. The more the socialists preach about how to eradicate greed the more greedy they become.

It is the economic security dope-fiend who fears the natural law of supply and demand and won't face it. This practice began with some industrial monopolists, who restricted production to maintain high prices at all costs; then the socialist misleaders and their suckers followed suit. Monopolists in both camps have fostered the delusion that economic security is primary and that it can be achieved by a pegged price level without a normally functioning law of supply and demand.

If it were not for official government guarantees of economic security, many inefficient producers would turn to other kinds of production, and do their thinking about progress in terms of goods and services. Formerly, when competition became keen during industrialization, sellers had to improve quality of goods and services in order to sell them. That was before the economic magicians pretended to make economic laws.

With government minimum price supports or guarantees, production control ultimately becomes mandatory. The pretext for production control is created artificially by the government's own sabotage of the natural self-balancing forces of production of diverse goods and services. A proper function of official government is to prevent economic monopolists from doing such sabotage by their policies of restricting production to maintain high prices at all costs.

External production control is imposed by the collectivists because without it they cannot establish their autocratic power. The production controls, in turn, cannot be imposed without first distracting public attention from the true measure of economic well-being — high-grade commodities and services. They do this by building up the perpetual-motion-of-money delusion as the index of welfare. Then they wax powerful by doing sleight-of-hand tricks with money. Their cure-all for our social ills is doing something to money instead of to goods and services. Their advice is to get or grab money instead of producing new goods and services. They bribe workers to cease producing. Their pretentious slogan of brotherhood of man is irreconcilable with their alleged new system — perpetual-motion-of-money as a substitute for production. A truly cooperative society cannot be built by trying to unite people around economic magic, but it can be done by uniting people around production of high-grade cultural and educational services, for they constitute true progress.

Many concrete examples could be cited to prove that the announced purpose of price guarantees and money manipulation by the Federal government since 1932 is not the real purpose. First is the creation of public confusion by influential figures who, wittingly or unwittingly, take Marxian pronouncements on economics at their face value and solemnly discuss them in that vein. The Marxist-inspired price and money-manipulation proposals, allegedly to make capitalism work better, are admittedly designed to wreck our system by debauching our currency.

A big step in this direction was the act of pushing our country off the gold standard. Even a layman can see that money must be tied to something of tangible value, like gold, if money is to serve its purpose in long-range economic progress. Pushing our country off the gold standard destroyed the value of money as a somewhat reliable means of measuring exchange of services. It removed the biggest barrier to inflation. It destroyed what little value there formerly was in price level as a measure of economic progress.

By removing the big barrier to inflation, the destroyers of the gold standard opened the gate to unlimited deficit spending and unlimited production of economic nonsense, such as the following: "A public debt is nothing to be afraid of." "A public debt is different from a private debt because we owe it to ourselves." "Every expenditure is an investment." "Any expense for one person means income for another." So pump priming, foisted upon us in the guise of a temporary device for aiding social recovery and reform, is to be permanent hocus-poecus!

The notorious cost-plus contract by the Federal government in war and defense production is another example that belies the announced purpose of price and money manipulation. The cost-plus contract hinders general economic progress by encouraging wastefulness in production, by being inflationary, and by giving farmers and other economic groups a perfectly logical excuse for demanding big and inordinate subsidies and price guarantees. How can we expect farmers to relinquish subsidies when manufacturing tycoons set the example of not giving them up?

These are some of the examples of how our currency is being debauched, and how the manipulation is doing the very opposite of what is needed for long-range stabilization of the medium of exchange so that it can serve its normal purpose of providing a fairly workable measure of exchange of services.

Chapter V

CREATIVE PRODUCTION: BASIS OF GENUINE SOCIAL REFORM

1

Right-left Seesaw: Subversive Social Change

While we are raising our hair in protest against the communist label, we are simultaneously helping to split the whole world into warring factions over a completely fake issue. The delusion is that right and left are opposite extremes and that there is a middle-road or safety zone in between. This middle-road delusion is the substance of the counterfeit liberalism of today.

It is built around the quack nucleus of economics — struggle for loot. It is a scheme for confiscation with minimum pain — robbing Peter to pay Paul, and vice versa. The social change is supposed to consist of equalization of wealth. But this perpetual-motion-of-money does not change human nature, at least for the better.

This world-wide farcical battle is being promoted chiefly with the resources and outright aid of the only nation that was in position to counter it with a heritage of genuine liberalism. We junked this heritage and adopted the baneful doctrine of the right-left seesaw during the very time that this seesaw game was plunging Europe into one tyranny after another.

Not only our political parties but most social organizations, such as labor unions, farmers' groups, educational groups, and even churches, are split into warring factions over the fictitious issue.

The portent of this is annihilation of our nonpolitical forms of self-management, making room and pretexts for continued encroachment of corrupt political power over private life. This annihilation of self-government is the subversive social change.

The public has been drugged with the pronouncement that rightists are wealthy malefactors, while leftists constitute a poor man's movement. Actually the leftists, with all their sincere but misguided social reformers, are engineered by precisely the kind of malefactors they profess to fight.

The Fabian socialists were from the beginning typically members of the higher financial classes. The communist movement is demonstrably a form of big business in the worst sense. There is big money in these counterfeit reform movements. There is easy money in catering to victims' childish, materialistic wants.

Although right and left have been repeatedly exposed as two different names for the same tyrannical exploitation, the middle-road fable, is as enticing as ever. Even leading Republicans are dilly-dallying with the middle-road fable, which is the magic formula for vote-getting regardless of party label. We are being urged to dodge between the "dictatorship of the right" and a "dictatorship of the left". But they are not two kinds of dictatorship, so there is no safety zone in between.

Current anti-communist drives show how hard it is to pin the label of communism on anyone organizationally speaking, and yet — if investigation is extended into doctrines — how easy it is for the culprits to continue unmolested under the umbrella of the debauched liberalism, which now tolerates any kind of riff-raff. In fact, the revolutionist is at his best here because the middle-road is a perpetual haven for muddled minds, and social missionaries without any understandable mission, who become ideal raw recruits for the nihilistic socialists.

Such slogans as a-little-to-the-left-of-center typify the negative character of the delusion. Salvation is depicted as a negative process of dodging between the Devil on the right and the Devil on the left, according to which is "the most immediate threat". "I'll compromise with the Devil to beat Hitler" said a world figure.

The spurious liberalism, then, differs from the genuine in being negative. It is merely dodging and compromising. It is fashionable today to be pontificating that compromise is the essence of politics. This is nothing more than a truce in a tug of war between jealous power seekers; for there is no analysis and no resolution of conflict, but only dodging.

This negative theory of compromise as the essence of politics passes over into the formation of coalitions, which are always against, never for something. Mild leftists propose coalitions to save the world from wild rightists; and mild rightists propose coalitions to save the world from wild leftists. Each side needs the other as a scapegoat; they can't get along without each other.

The spurious liberalism differs from the genuine, furthermore, in posing as materialistic instead of political or ethical. It means being liberal with the tax-payer's money — in other words, confiscation disguised as bribery. The term economic liberalism becomes merely a weapon in the hands of expropriators; the moral aspect of economics is ignored.

The issue among the modern hyphenated versions of socialism and so-called democracy is merely a question of how rapid shall be the process of expropriation. A-little-to-the-left-of-center simply means an optimum rate of installment robbery with minimum of squawking. The issue is meaningless because the ultimate objective is the same in all events — destruction of private profit and private production. Sooner or later the point is reached where mild socialism creates the conditions and demands for wild socialism. The right-left seesaw game is a game of installment robbery, legalized as control of production in order to solve alleged problems of overproduction and distribution. The subversive social change is, in its inception, strangled production. Without it, collectivistic autocratic control cannot be achieved.

The gospel of strangled production, called production control, appeals to those who will grab for anything they think they are getting for nothing, such as being bribed for not producing. It appeals to the drones and parasites who shun the effort to produce. It appeals to the inefficient producer, and big and little economic security-fiends, who are only too glad to have official government underwrite their security with wild promises of economic magic. It appeals to the government loafers who seek escape from the rigorous laws of profit and loss, especially responsibility for losses and wasteful methods, and who prefer government jobs where losses are just charged up to the taxpayers. It appeals to those who are satiated with the luxuries produced with the capitalistic order and have never learned the meaning of earning and the blessings of frugal managing. Yes, subversive social change is pleasant and easy in its inception.

2

Reform Concerns Human Purposes, Not External Systems or Money

While subversive social change proceeds by strangled production, sound social change originates with new production. At the threshold of the atomic age, it is ridiculous to be lamenting about mature economy, contracting economy and overproduction, even from the materialistic standpoint. The key to economic progress will

continue to be invention of new things to produce, and especially developing new and improved forms of educational services. Since economics boils down to exchange of services, there is no ceiling over new economic production — in terms of educational forms of services. Social responsibility of business is admittedly lagging badly; while politically and educationally we have been lapsing into to subversive social change.

True liberalism as a philosophy of social change encourages the development of new ideas, inventions, and standards of human conduct throughout the many forms of unofficial government. The prevailing false liberalism drags up antiquated and rejected practices of the past.

True liberalism criticizes and exposes the waste and wrongdoings of those in power. False liberalism attacks the proper use of the system instead of the abuses of the system.

True liberalism offers a constructive substitute. False liberalism wants change for its own sake — bluntly, to destroy the existing order.

True liberalism is a crusade against confiscation as a principle of human conduct. Under false liberalism, confiscation as a regular principle of conduct is still retained. Changing the rate of installment robbery, a little slower or faster, is not genuine reform.

Social reform can never be achieved by the prevailing false liberalism, because it is confiscatory, destructive, and concerns only external tools or property arrangements. Social reform cannot take place in money or external property arrangements as such. True reform concerns people, their standards of behavior, and their anti-social purposes behind their abuses of the external systems or tools. These can be used productively, or they can even more easily be abused for destructive purposes. The evil lies in the human purposes, not in the external tools used to carry out these purposes.

Much of the alleged improvement in labor relations has consisted of appeasing petty demands rather than creating and clarifying high purposes which would benefit society as a whole. We need production of broader perspectives of the social obligations of businesses.

In a truly progressive economy, the purpose behind savings is planning for future production of some kind. The perpetual-motion-of-money magicians denounce savings as hoarding. But it is rather **they themselves who are guilty of hoarding money in a non-productive way**; for they persist in transferring this so-called hoarded money from one person to another perpetually without regard to whether the spending is for productive purposes. Spending as such is **not productive**.

Sound reform consists of a resurrection and application of the elementary fact that what counts is not quantity of money spent but HOW it is spent. Is it spent in a truly productive way? Just as the price level is irrelevant, for economic well-being, so the amount of money involved in a transaction is irrelevant, as far as determining productivity in terms of goods and services. Gambling transactions involve money by the barrel without any productivity for society as a whole. Likewise, barrels of money are spent by drunkards without any productivity for society as a whole. Social reform does not come by what we do to money but by what we do to human behavior in new forms of services.

3

Production of Higher-grade Services is the Answer to Alleged Overproduction, Depression, and War

While we have learned to improve services tremendously in the mechanical field, we are still foolishly trying to build a cooperative society with cheap services in the general field of culture and education. In entertainment and advertising, appeals are mostly to superficial, transient, and selfish wants that can be satisfied by material things. Because of the debilitating, hedonistic theory of education in our country, its practice often became little more than cheap entertainment. Our highly fluid society consists mostly of touch-and-go friendships, involving only cheap services. There is a general delusion that peaceful living is to be achieved simply by trying to satisfy everybody's childish cravings.

With this delusion of peaceful living, the cheap services ultimately can produce only inner tensions and troubles because we are trying to satisfy irreconcilable cravings. The superficial touch-and-go friendships set the stage for the development of conflicting low standards of behavior, or sheer anarchy. We lack the higher standards of behavior around which multitudes could unite. The prevailing mass psychology is by its very nature uncreative and incapable of uniting folks in any sound enduring way. It is impossible to unite folks by catering to all sorts of irreconcilable desires. It is impossible to build any enduring national unity around the contradictory passions of our economic blood warfare.

It is fashionable to use expediency as the only standard of ethics, which is no standard at all. This theory of expediency was not designed for uniting, it was designed for capitalizing on selfishness. It runs something like this: "You look the other way when I get by with something, and I'll look the other way when you get by with something".

Our primitive cravings have to undergo considerable modification in order that we may get along with one another. Self-restraint is necessary in order to develop higher self-expression and create higher wants, higher forms of services, and higher standards of conduct. But the collectivists, who are running the economic merry-go-round, rule out this production of higher standards through self-restraint. They are concerned only with production of material things. Their bogey of over-production is therefore of their own making. They themselves put a ceiling over production of new forms of services, especially better standards of human relations that could make the commercial machinery function better.

What makes it possible to carry on commercial enterprises at all? They rest squarely on faith in certain codes of human conduct. These are realistic. Without the sanctity of agreements, written and unwritten, trading simply could not function — beyond the barter stage. The value of money itself rests on the integrity of government in its fiscal policies, as every disastrous inflation in several countries has demonstrated.

With our vast production of material things for exchange, we have failed to produce enough of the very standards of human conduct without which our complicated exchange system cannot function satisfactorily. It cannot function satisfactorily with the supposedly practical ethics centered on expediency.

According to the prevailing fatalistic dogma, which disregards the all-important human motives in economics, our economic system leads inevitably to overproduction, which in turn leads inevitably to war, because that is the only way to keep up the price level. This is a string of falsehoods. None of these things is inherent in our economic system. The alleged problem of overproduction is not caused by proper functioning of free enterprise but by the subversive dogma about price level as the measure of economic well-being, and by the sabotaging of the law of supply and demand inflicted by the witch doctors themselves. The alleged inevitability of war is not inherent in our economic system; it is due partly to the interventionist's own obstructions to new forms of production, especially production of standards of human conduct above the level of cheap demagoguery and sensationalism. It is due even more to our own failure to utilize our surplus production and time to create a social philosophy capable of driving out insidious suicidal collectivism.

Collectivism is a disease. It is always easier to make a disease worse than it is to cure it. Modern war is simply the final stage of this disease of suicidal collectivism. It is inevitable only when we make the disease worse instead of diagnosing and remedying it.

The answer to war is the same as the answer to depression, namely, new production. We have scarcely begun improving standards and principles of human relations and developing higher forms of services so as to catch up with our industrial materialistic production, which is threatening to crush mankind if not provided with production of proper humanitarian purposes and better cultural services.

The collectivists pretend that the only answer to war is peace by force. But peace can come only by improved forms of services, not by force. Peace is not just the absence of war, as most of the gesticulation for peace would imply. In positive terms, **PEACE IS ACTUAL EXCHANGE OF NEW OR IMPROVED FORMS OF SERVICES WHICH ARE MUTUALLY PROFITABLE.**

Despite this vital truth, readily available to any one who looks for it, Americans in many circles are continuing to lament about over-production, depression, and war, in socialist lingo, at the same time intensifying class warfare between farmer groups and urban groups, between employers and employees. To the enemy, Americans are confirming the alien doctrine of inevitability of the decline of capitalism. If price supports were suddenly and completely removed, so it is argued, there would be a depression, unless another world war would come along and save (!) us from it.

But such occurrences after removal of price supports would not be due to the removal of price supports; they would be due to the fact that the public has been for many years indoctrinated to believe in the price level, with rubber dollars, as the primary or sole index of prosperity. Many believed when they were told by quack liberals, "You never had it so good". This is an illusory prosperity, built by elastic dollars and nimble brain-washers, and it has a sinister purpose behind it. The purpose is to make us completely committed to the closed economy myth, according to which there are no new fields of production above the level of materialistic things, and we are inescapably committed to turn around and quarrel among ourselves for our respective shares of rubber dollars and shares of the existing circumscribed kinds of production, using Federal power, for setting

up prices, quotas, etc. Failing to snap out of these false doctrines, we are executing the pressure-group warfare in the manner planned and pronounced inevitable by the socialists, disguised as liberals and economic planners.

In this scramble of antagonistic economic blocs, it is not just the materialistic aspects as such that is tending to precipitate disaster; the materialistic economics does not function by itself as an external system. Economics may be aptly said to be a projection of our ethics and inner mental struggles. Predatory economics is a projection of predatory ethics. The materialistic economic struggle in the past two decades is a revelation of the corrosion of the ethics we inherited.

With the crumbling of much of our ethical heritage, many sleepers were easily fooled into endorsing, in schools and elsewhere, the Marxian obituary on ethics (denying the validity of ethics). In doing so they were helping the enemy block the road leading beyond the closed economy myth into production and exchange of higher-grade services. Enough Americans still have the pioneering spirit and ingenuity to remove this road block if they will apply themselves here as they have in mechanics. But in their drugged condition victims are taking the only road they see, the road of class struggle. Big and little capitalists, forced by their own complacency into a predatory struggle, are also forced to disguise their fight for trade as a super-concern for the most infantile wants and "suppressed desires". They are trying to get rich, or at least make a living, by capitalizing on every available sucker's itch for new frills, new thrills, new colors, new tinsel, new kinds of pain killers, new kinds of sensuous tongue and palate teasers, and new kinds of sensuous brain ticklers. When we reach the bottom, the most infantile appeals possible, then what?

In contrast, production of higher-grade services would be a return to valid ethics, not in an antiquated and irrational sense, but in the rational sense of tested principles — or principles to be tested.

Chapter VI

SPECIALIZATION OF AUTHORITY

1

Regression from Qualitative to Quantitative Concept of Authority

Why does our admirable industrial specialization, with its superb technology, appear to be headed for social disaster? First, we have generally been failing to define the purposes behind these things in terms of human relations; we idolized the machines and systems as ends in themselves instead of considering how they could serve as means of eradicating social conflicts. Second, with this failure our concept of the meaning of authority has been deteriorating. While making great strides in specialization in the mechanical field, we reversed the process in the psychological and ethical fields. We regressed from what specialization of authority we once had and returned to primitive autocracy in our thinking.

The authors of our Constitution divided political authority into three qualitative parts, legislative, executive, and judicial; and in addition there was recognized the need for diverse nonpolitical authorities and education as a means of developing ability to speak with authority on social problems. Hence, from the very beginning, the idea of limited government was not a mere negative idea but was a positive recognition of the significance of specialization not only in official government but in the ethical and educational aspects of unofficial government.

These differentiations are now fading away. Educational authority in its various forms is losing its meaning and is being replaced by the quantitative notion of authority. Power politics is encroaching in the areas of unofficial government. The American colonists relied heavily on moral and educational authorities for social regulation before there was any Federal Government. Now, as creeping collectivism continues to creep, even the differentiation between political and religious authority is fading away, with damage to both. Collectivism is a pseudo-religious dictatorship, mobilizing confused religious sentiments. As further examples of encroachment of centralized power as the meaning of authority, we have various power-dam authorities. These are proposed in collectivistic programs of electrification as means of establishing dictatorship.

Instead of continuing with the wonderful start we once had in a qualitative differentiation of authority, we are now reverting to a quantitative notion of power. Under the delusion of being practical, we are reverting to the primitive ganging-up method of social organization. For decades, big industrial combines have been built according to the quantitative notion of power. Later, labor unions countered by likewise building up combines according to the quantitative notion of power. Some influential voices, even in the field of education, urged that we build a more powerful organization in each camp, supposedly to balance each other in a game of sheer power politics. Such is the degeneration of educational authority. Finally, world-wide organizations and alliances are being proposed purely in terms of the quantitative notion of power. Again, educational figure-heads are whooping it up for world organization in terms of power politics. It is argued that we must surrender national sovereignty and give the world organization sufficient military power to enforce peace. Peace by force is now the degenerate concept and function of authority. Cultural and educational organizations then become mere propaganda tools in the hands of quack reformers to enforce peace by sheer power of armaments or threat of same.

In the regression to idolizing monolithic power as such, we have been developing a cult of bigness. Many join various social organizations primarily because of their bigness, rather than because of their quality of services. It is argued that only big organizations can get things done these days. The mere size of membership is what is relied on to get things done. It is often thought that mere bigness of an organization is all that counts. The very term bargaining-power is based on sheer quantitative power of numbers. The cult of bigness terminates in monopoly power instead of the specialized authorities which are necessary for solving social problems..

Furthermore, in this regression to monolithic power, we emphasize making money as an end in itself. In choosing a vocation or job, many simply ask, How much money is there in it for me? They are not interested in the work as a means of self-expression or developing specialized authority. They are simply bribed to work. They are suckers to whom "money talks". Money and power are so fused together in their minds that they recognize only one kind of power.

Psychological Specialization and Individuality

Attempts at decentralization of power, in the quantitative sense, fail because mere splitting up of monopolies, or other combines, is not enough. Breaking up a power into two or more identical parts may solve nothing because the quantitative notion of power prevails, and lust for power will find ways to circumvent the orders.

A better way is to decentralize by breaking up into specializations that are different from one another. Above all, decentralization is workable when, with the specialization on the mechanical side, there is a parallel psychological specialization of authority, as distinguished from the power of a Chief. A partial solution is suggested by the policy of having small manufacturing plants furnishing special parts for big companies. Here is some decentralization on the psychological side. Each small business could develop specialized educational authorities and social creeds, in addition to the expert knowledge in each particular field. Furthermore, the cult of bigness could be profitably broken up in this way. Many are under the delusion that self-realization comes through the cult of bigness, but decentralization by way of psychological specialization is far better. Our admirable technology, particularly mass production, has no value as an end in itself. It has value only as an expression of human aspirations, or rather a variety of expressions of human aspirations in diverse industries. Specialization in the manner of self-expression is what counts. Decentralization with psychological specialization makes a stimulating place for everyone.

Development of numerous craft organizations would be psychologically superior to the modern industrial union because they would provide specialized outlets for the creative talents of individuals, provided some of the current restrictive policies are dropped. The industrial union destroys this individual incentive; hence it destroys individuality. Craft organizations can further this individual incentive by changing and growing in accordance with new discoveries and inventions in their special fields. In doing so they would be shifting emphasis back to educational authorities where it belongs rather than on sheer political power.

Psychological or educational specialization, paralleling that in the mechanical sphere, would be a positive method of solving the problem of monopoly power both from the point of view of the employer and the point of view of the employee simultaneously. The generally emphasized dividing line between management and labor is arbitrary and misleading. In both camps the basic problem is

the same — monopoly. In both the remedy is the same — psychological specialization. In both there is a common primary interest — cooperative self-expression.

People differ in their desire to be different and changing. Some are content with working steadily at a job others would consider monotonous. Others like to be changing jobs or developing specialties different from anyone else. Under psychological specialization jobs need to be arranged to suit the needs of these different workers for development of individuality and pride in one's work. A better social consciousness and respect for authority would be fostered.

Since the nucleus of economics is exchange of services, psychological specialization is specialization of the human side of services. In so far as we are conscious of specialization of the human side of services, we are fortifying ourselves against the widespread tendency toward the quantitative totalitarian concept of authority.

The old stereotyped thinking about division of labor obscures the meaning and significance of specialization of labor. This is because ethically we still have the monolithic notion of power while specializing mechanically. Industrialization is generally assumed to be a deterrent to the development of individuality and incompatible with it. The truth, on the contrary, is that with industrialization, under proper emphasis on craftsmanship and leadership, we have both the possibility of individuality and, indeed, the best opportunity for its realization.

Compare the modern diversified and specialized agriculture with the more primitive type where all farmers were independent and yet alike in their work. In which of the two types do we find the most satisfactory expression of individuality? One person becomes an authority on apple raising, another an authority on bee culture, another an authority on a certain breed of cows, and so on indefinitely. Here are convincing observations of how specialization means greater, not less, opportunity for development of individuality. The psychological benefits of such differentiations far outshine the satisfactions where farmers are very independent and yet alike in their work.

This lesson could be applied further to factories and businesses. Many jobs in factories are monotonous and uninteresting because of lack of consideration of how the workers would find outlet for their special talents or creative impulses. The inhuman notion that a person exists for the job needs to be reversed.

Under conditions of over-centralized power, many special talents fail to develop. An ambitious worker, seeking outlet for creative expression won't remain in the factory; he'll strike out in his own, perhaps because those in power in the factory ignored or misunderstood the meaning of authority from the point of view of human development, or because political regulations make it impossible for employers to consider the human side of jobs. They failed to apply the lessons from specialized agriculture.

Current labor laws are, of course, not designed for psychological specialization and creative self-expression in ones work. That is and will be one of the biggest obstacles to facilitating specialization on the psychological side.

3

Guidance by Specialists and Professionals

The practical significance of specialized authority is made clear by contrasting it with the degenerate, monolithic notion of power. Such current expressions as all out war and surrender of sovereignty are examples of how impossible it is to resolve conflicts under the degenerate notion of only one sovereign, monolithic power. Under psychological differentiation, or specialization of knowledge of different phases of economics, several authorities are recognized, each rationally sovereign in its own sphere.

Under educational specialization, one authority does not depend for its existence on annihilating the others, as in destructive competition. There is constructive competition in rivalry of specialization. Each supplements the others. They become interdependent instead of seeking to annihilate each other. That is the difference in consequences of the two versions of power. It makes specialization workable, while under the monolithic notion of power, rival aspirants to power are hopelessly deadlocked. The modern politician aims to crush all opposition. He has to aim or pretend to aim to crush either labor or management, depending which side he is on. He has to pretend to take sides, even if alternating from one to the other. One side or the other gets on top. There is room for only one monolithic authority at a time.

Normally in unofficial government we have guidance largely by specialized educational authorities. There is interdependence amongst agricultural authorities, medical authorities, biological authorities, musical authorities, physical education authorities, child training authorities, etc. It is specialization with recognized inter-

dependence that makes the authorities workable. Civilization is largely a process of transition from rule by a Chief to rational guidance by specialized educational authorities.

To be sure, an occasional arrogant specialist will seek to dominate others. But he is not a true specialist all the way. He specializes on the physical and technical side, but on the ethical and psychological side he reverts to the barbaric, monolithic notion of power. Here is the place for the veto function of official government. Specialized authorities need protection against an occasional arrogant specialist who seeks to utilize a specialty for dominating others. Diversification of authorities and diversification of responsibilities go hand in hand. It is imperative that they be maintained in order that social regulation be done primarily by the guidance of specialists and professionals, and official government remain a servant instead of master.

Normally the teacher, the doctor, the musician, and the craftsman do not get in each other's way; they need each other's inspiration or advice. But when any such specialist goes in for the modern political gang version of power, trouble is in store around the corner. There will be rival cliques and pressure groups grasping for the power of official government for their own aggrandizement. There is no intelligent self-expression in this rivalry. But there is intelligent self-expression in speaking with authority in one's own specialty.

The modern conspicuous lack of respect for leadership and educational authorities is due in part to the general failure of specialized leaders to give followers some principles or ideals to follow. They failed to demonstrate the mutual psychological benefits to be derived from specialization, dwelling mostly on the material benefits of specialization. They failed to cultivate faith in the psychological benefits. Faith in the integrity of specialists is an important requisite for improved services and actual exchange of improved services.

As merely an integral part of human aspiration and action as a whole, our economic system requires faith in some kind of authority above our separate selves, even if that be no more than tacit agreements enforceable by local public sentiment. Faith in the supremacy of ethical principles must be cultivated and demonstrated by a business or profession, or the multitudes will lose faith in the business or profession. The study of the interdependence of specialists has often been flagrantly neglected. The study of this interdependence is vital for building faith in professional ethics.

Chapter VII

RATIONAL ETHICS

1

Current Forms of Irrational Ethics

Must ethics be irrational? Current ethical problems are being shoved outside the sphere of reasoning. One way is by regression to irrational childhood behavior. During admirable technological advancement in our economics, our ethics has been regressing. Although the widespread socialist doctrine is disguised as economics, it is definitely an ethical problem. Although it is dressed up as humanitarianism, it is a glorification of stealing. It is a process of legalizing the evils of monopoly. Socialism is a duplication of the restrictionism and other evils of the "reactionaries" whom it pretends to fight. Hence, it is a fake reform. These evils constitute a regression. Socialism is a return to looting instead of producing. It urges taking instead of serving. In the name of freedom it imposes tyranny. The collectivist's concept of a human right is something to get; in free enterprise, our concept of a human right is right to do or right to earn. Collectivism is a general social decay and regression to the doctrine that might is right. It is a regression to irrational ethics.

While we have been reasoning very well in the physical sciences, we have been losing faith in reasoning in our social endeavors and even staging a widespread revolt against reasoning. There is much complaisant harping on the fatalistic dogma that people live by crude emotion rather than by reasoning. Most of the appeals in movies, radio, magazine advertising, etc., are to primitive crude emotion rather than to reasoning. In schools, classroom reasoning has given way more or less to splashing around in childish social activities. Faith in human beings is shaky because we are floundering in flimsy sentiment and crude passions in our social life, while we developed a rational faith in our explorations in physical sciences.

The demagogues are having a good time while suckers are being impressed at every turn that the way to live in our high-speed age is by fleeting thrills rather than by the more arduous process of reasoning. With modern technology and subversive social psychology, they think they can establish social controls on a large scale by cheap mass psychology, which works by suggestion, not reasoning. Our continued regression to childish mass psychology is a process of pushing ethical problems outside the sphere of reasoning.

Besides regression, — to predatory economics and childish mass psychology, — another common way of evading reasoning in ethical problems is to take refuge in pseudo-religion, consisting of antiquated empty forms, and blind acceptance of somebody's interpretation of supernatural absolutisms.

The spirit of moral law does not consist of stereotyped outward forms, such as ritual and the letter of the law. Nor does it consist of childish blind obedience and blind faith in somebody's supernatural interpretations perpetuated in adult life. The achievement of moral maturity and the spirit of law is a very difficult process. It is a process of developing individual insight and responsibility in making choices between right and wrong conduct. This critical thinking in making choices is definitely rational ethics as compared with the blind faith and blind obedience of childhood.

Conformity to the letter of the law is not a test of morality, but resistance to temptations is. Resistance to temptations has to be built up gradually by critical thinking in making choices. In this way, resistance to temptations depends on the spirit of law, rather than on the letter of the law. The situations calling for moral decisions cannot all be listed beforehand, hence they cannot be taken care of by the letter of the law. The development and exercise of the spirit of law for resisting temptations is the test of morality, and it is built up by rational, critical thinking.

Many in the official household of religion are reluctant to venture out beyond the more comfortable blind faith and blind obedience of childhood. They never achieve moral maturity and the spirit of law; they rest content with the letter of somebody's law. This is moral cowardice, and it is a serious weakness within various churches. For this reason, various sincere religious groups have failed as a bulwark against the creeping collectivism. Marxian immorality is captivating many puzzled students and reformers because it pretends to be scientific and rational. To counter this subversion, it is necessary to build a genuine rational basis for our ethics.

Marxists use the religious degeneration as a pretext for a general denunciation of all religion as the opium of the people. But this is not their real objection. Those who are such opium addicts are easily swayed to become dupes for socialism, and are therefore welcomed. The moral cowardice is quite acceptable to the quack reformers because socialism is a wholesale organization of moral cowards. As a concoction of debauched religious sentiment and debauched democracy, Marxism itself is the real opium of the people. The real Marxian objection to religion is that it emphasizes individual responsibility and spiritual values, as opposed to sheer materialism, and is therefore an obstacle to the socialist doctrine, which is based on stealing (disguised as economic determinism).

Many moral codes and practices originated long ago when little was known about natural law, and the human race was governed generally by diverse and contradictory supernatural interpretations. Misconceptions arose about natural law and about the relation between moral law and natural law. They were sometimes thought to be in conflict. Social groups were trying to regulate their ethico-economic life without much knowledge of natural law, with the result that deadly quarrels arose over supernatural determinism.

With the advent of industrialization, many learned to utilize their knowledge of physical laws in making improvements in their conditions of living. Parallel with this improvement, the application of reasoning to governmental problems resulted in the development of government by wise consent of the governed — an outstanding fundamental principle of rational ethics. But this advanced form of government is the most difficult to maintain. And social sciences have been easily subverted in recent years. So, in the field of social relations we are still ruled mainly by prejudices, misconceptions and antiquated ethical codes.

Normally, codes of right and wrong are determined more and more by understanding of natural law in social relations. Government by wise consent of the governed was slowly chiseled into shape with observation, serious study, and understanding of frailties of human nature and natural laws of social behavior. Many are shunning the difficult task of maintaining — not to say developing — a moral order on a rational basis, and so revert to primitive, childish social adjustments. Many take refuge in blind faith in somebody's supernatural interpretations outside the field of reasoning, where criticism can't reach them and puncture any comfortable delusions which they may have about freedom from responsibility.

Others, who find rational ethics too difficult, revolt against blind faith in supernatural determinism, and swing to the other extreme: materialistic economic determinism. The bandwagon movement to materialistic determinism is partly an evasion from the application of reasoning to problems of social regulation, and partly a revolt against the blind faith in somebody's version of religious absolutes. Materialistic determinism is a futile revolt, for it merely substitutes materialistic determinism for supernatural determinism. The materialistic determinism is no better than the religious bigotry which it sought to escape. Both forms of determinism relieve a person from a rational sense of responsibility.

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The conflict between these two extremes of absolutism is manifest in some current attitudes regarding psychoanalysis. Early psychoanalysts studied mental maladjustments resulting from childhood conflicts between human nature and too rigid, primitive traditions. They made very important contributions to a better understanding of natural law in mental development and readjustment, such as sublimation. But some of their more superficial followers were easily subverted in a general cult of pseudo-objectivism, which tended to minimize the role of sound leadership in mental development and to portray human conduct as determined primarily by mysterious forces in an unconscious mind. It appealed to bored idlers and others who were itching for sensationalism and a pseudo-objectivism or economic determinism, which relieved them of a sense of responsibility. It naturally appealed to many who had renounced the principle of leadership in childhood training. Although theoretically, nebulous faddists recognized the principle of identification with parent or substitute in early childhood, they minimized it in popular practice in the cult of pseudo-objectivism, which relieved them of a sense of responsibility.

In this widespread cult of pseudo-objectivism, many youngsters were induced to build a new moral order of their own in disregard of sound traditions and sound leadership. Many teachers and parents ceased to exercise their normal role as true leaders transmitting, by example, the cultural heritage of the past. They became little more than secretaries making notes of the child's alleged unconscious complexes and its relation to the external materialistic environment.

Some religious leaders rightly object to purely materialistic interpretations in psychoanalysis. But, perhaps because of their own submerged mental conflicts, they sometimes refuse to recognize or study rational principles of mental analysis. They retreat into antiquated pre-psychiatric notions of mental illnesses, which are no better than the materialistic determinism which they object to.

2

Rational Ethico-economics as Implementation of the Golden Rule

Both these blindly assumed forms of determinism (supernatural and materialistic) miss or minimize the fundamental fact that children normally acquire their moral behavior by following the example of a leader. This is a process called identification with parent or substitute for parental authority. They learn by trying to act like the person with whom they have identified themselves. They want to feel grown-up like the one they love. This identification is an affectionate relationship. It is also a rational moral development, free

on one hand from blind acceptance of moral traditions that may need reinterpretation, and free on the other hand from the quack doctrine that they are helpless creatures predestined by the materialistic forces in their early environment. This learning by doing is learning to make choices like the leader. These choices are rational choices when there is developed critical understanding of good and bad social consequences of alternative courses of action. It is by following the example of a leader with whom they have identified themselves that children learn how to get along with other members of society.

This is a normal implementation of the Golden Rule, which is fundamental in Christianity and in other major religions. Why, then, are many trying to push moral education mostly outside the sphere of reasoning? The function of moral education is not to enforce or coax blind acceptance of somebody's supernatural interpretations but to demonstrate through sound leadership how to achieve a rational implementation of the fundamental ethical principle: do unto others as you want them to do unto you.

Many different things are happening in our social upheaval to upset the normal function of leadership. When it is upset, rational ethics amounts to little or nothing, and the youngsters readily become victims, either of somebody's unreliable supernatural interpretations, or the popular materialistic economic determinism. In moral growth, these two pitfalls can be avoided by bearing in mind the nucleus of sound economics — exchange of services. Rational ethics is achieved in the transition from looters' economics to exchange-of-service economics. Sound leadership is necessary for the transition, because everybody learns by example. The widespread moral immaturity is largely a result of absence of true leadership. True leadership is the cultivation, by example, of faith in and respect for rational ethics.

Materialistic economic determinism is a convenient cloak lending apparent justification for the socialist stealing disguised as redistribution of wealth. The uneven distribution of wealth is held to be a principal determining factor in human social behavior. Many deluded reformers accept the fiction that poverty is the cause of communism and that eradication of poverty will automatically eradicate communism.

This popular delusion indicates irrational thinking. It is plainly materialistic. The morally immature are good suckers for materialistic redistribution-of-wealth schemes. As a moral being, man does not live by what goes into his mouth but by what goes out of his

mouth in the form of rational verbal services which will promote better understanding of the nucleus of sound economics — exchange of services.

A variation on the theme of economic determinism is the attempt to reduce ethics to a mere matter of technology. Some argue that big business is white just because it is big. Others argue that big business is black just because it is big. In both cases the attempt is to reduce ethics to a mere matter of technology. Both sides disregard the question of justice in management and make their verdict solely on the basis of materialistic efficiency. Monopoly appears white if you are in control; black if the other fellow is in control. It is a ridiculous attempt to reduce the problem of lust for power to a mere matter of technology, in other words, to substitute a hypothetical technological determinism for rational ethics. Lust for power and monopoly are not determined primarily by possession of great wealth. Lust for power is identified with the quack nucleus of economics — struggle for loot — and the eradication of it requires widespread recognition of the nucleus of sound economics — exchange of services.

3

Role of Reasoning in Moral Growth

It has always been misleading to divide mental functions into intellectual and moral, as if they were separate and distinct. In both cases we are dealing with integrative behavior. In both we are seeking to harmonize or resolve the conflicts between diverse childish impulse, prejudices, and one-sided views. Moral maturity consists of the achievement of a rational basis for behavior which originated as more or less blind obedience. Children's moral behavior begins with rather blind obedience, but moral growth means learning to choose between good and bad consequences and to give sound reasons for adhering to certain standards. In moral growth one assumes more and more individual responsibility for social conduct. It is both intellectual and moral in one process. In reverse, socialism is a double-barrelled revolt against reasoning and against moral maturity.

Normally, reasoning does not consist of sterile intellectualism, or just an array of syllogisms. Many have misrepresented reasoning in such fragmentary pictures. Reasoning is critical thinking aiming to avoid false conclusions. It is creative, not sterile. It is rather the behavior which is built on blind obedience that is sterile. This lacks initiative and creativeness. The criterion of moral behavior

is not conformity by blind obedience but critical evaluation of alternative lines of conduct, and creativeness in the sense of rising above one's own passions or prejudices. Moral maturity means, in other words, true human dignity.

True human dignity is something we create. We create a higher self. Under the modern false reforms, human dignity is uncreative, such as being a cog in a social wheel, or in gratifying one's vanity by getting something for nothing so as to shine above somebody else. Socialists do not live by creating true dignity and respect for proper authorities but by mobilizing jealousies in class struggles. True human dignity is socially integrative.

Subversive interests have been making lists of human rights, as they interpret them. In each case they mean right to get something rather than right to do. When our pioneer Americans spoke of rights they meant right to do. Today many moral cowards need to be reminded that no list of human rights is worth the paper it is written on unless it is built on the fundamental right to earn. The right to earn is indispensable for achieving human dignity and for achieving social integration. The right to earn is not merely the right to earn money; it means more especially the right to earn the respect of our fellow beings. In this way moral maturity and higher self-realization are achieved.

4

Rational Social Purposes in Economics

In choosing a job or vocation, many merely ask: How much money is there in it for me? They overlook the social reasons for making the choice. Normally, workers, including managers, group themselves in an economic enterprise in order to do something better that way than they could do separately and independently. Specialization on the mechanical side makes for reduced cost of production and greater profits financially. But that is not all. More important is the psychological specialization, which makes for greater social profits. Normally, group economic enterprises are formed for mutual benefit socially, not just financially. Industrial life is group living in which various social motives may play an important part. A person normally chooses farming, or educational work, or some kind of business occupation, or special work in a manufacturing plant, not just as a money-making venture but as a way of living. A most important reason for one's choice of work is the idea of working in a

group of congenial fellow-workers. It is through the interplay of constrasting personalities that workers develop a more interesting way of living.

The problem of improving living conditions has often been argued about as if it were purely a monetary question. But there are dissatisfied workers where there are good physical working conditions. A much more important part of the working conditions is the attitude of fellow-workers. Any group economic enterprise is a cooperative venture, and there can hardly be much cooperation unless there is proper group sentiment or consciousness of social profits. Improvement of living conditions is not primarily a matter of money profits, it is primarily a matter of social profits.

Group identification is an important part of rational ethico-economics. In group identification each one is consciously working as a member of the group. Each is more conscious of social profits than of money profits. Reasoning then means critical self-analysis, and also learning how to see ourselves as others see us. The epidemic of collectivism is obliterating or preventing the development of these abilities. But this consciousness of working as members of a group and thus sharing in the social profits of an economic enterprise is vital. Having a share in the social profits involves playing a role in the creation of social purposes, standards of conduct, and improving the human side of economics in general. We learn the principles of group living by doing in groups.

However, the value of group identification depends on a more important identification: identification with a rational cause or social creed. Group action without a rational purpose is not enough. Mob action is dangerous because members have identified themselves with a destructive suggestion or a diabolical cause, such as communism. We the opposition cannot win without identification with a better cause. That cause cannot consist of empty words, like the current word democracy; it must consist of positive psychological and ethical principles. Our ethico-economic predicament lies in the widespread failure to identify ourselves with the fundamental rational ethical principle we inherited: THE PRINCIPLE OF DIVIDED INDIVIDUAL RESPONSIBILITY WITH SPECIALIZATION OF AUTHORITY. Instead of being outmoded, this basic principle is manifold more important in our age of specialized mechanics. It is more important than ever to be guided by this basic principle of economic and cultural self-regulation in order to develop leaders capable of creating social purposes to insure that we will not be crushed by the mechanical monsters we have built.

The basic principle of divided responsibility is the negative principle of limited government translated into positive terms. To make it workable, it is necessary to translate it into more specific psychological principles. The seven psychological principles herein delineated are primary, but they do not constitute an exhaustive list:

- I. Workable Individualism
- II. True Leadership
- III. Constructive Competition
- IV. Exchange of Services: Nucleus of Sound Economics
- V. Creative Production: Basis of Genuine Social Reform
- VI. Specialization of Authority
- VII. Rational Ethics

LIBERALISM

False liberalism is bribing citizens, with part of their own money, to make official government their master — disguised as a servant.

True liberalism is fostering specialized authorities in economies and education to limit official government as a servant.

HUMAN RIGHTS

Human rights are secured primarily by exercising the basic right to earn — earn a living and earn the respect of fellow workers.

CREATIVE ENTERPRISE VS HUMAN GREED

The professed nucleus of Marxian socialism — economic determinism — annihilates all ethical defense against greed. Socialism must not be judged by its alleged humanitarianism, because the sincere humanitarians are not the ones who are running the circus.

Private enterprise does not in its physical aspect guarantee eradication of greed. But as a manifestation of creative self-expression through conscious exchange of services, private enterprise is creative enterprise, and is the very antithesis of greed.

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